

THIS DOCUMENT IS IMPORTANT AND YOU ARE ADVISED TO READ AND UNDERSTAND ITS CONTENTS. IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENT OR THE ACTION TO TAKE, KINDLY CONSULT YOUR STOCKBROKER, ACCOUNTANT, BANKER, SOLICITOR OR ANY OTHER PROFESSIONAL ADVISER FOR GUIDANCE IMMEDIATELY. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" ON PAGE 51 OF THE SHELF PROSPECTUS

INVESTMENT IN THE BONDS IS STRICTLY FOR QUALIFIED INSTITUTIONAL INVESTORS AND HIGH NET WORTH INVESTORS AS DEFINED UNDER RULE 321 OF THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION 2013 (as amended).

# Sterling Investment Management SPV Plc

RC 1293417

## Offer for Subscription of

**₦32,899,000,000**

**Series 2: 7-Year**

**16.25% Fixed Rate Unsecured Bonds due 2025**

(being offered to Qualified Institutional Investors and High Net Worth Investors)

**Under a ₦65,000,000,000 Debt Issuance Programme**

**Issue Price: ₦1,000 per unit**

**Payable in full on Application**

Book Building Opens: 27 08, 2018

Book Building Closes: 07 09, 2018

This Pricing Supplement is prepared for the purposes of Rules 320 and 279(3) of the Rules and Regulation of the Securities & Exchange Commission (the "Commission" or "SEC") in connection with the ₦65,000,000,000 Debt Issuance Programme established by Sterling Investment Management SPV PLC (the "Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated 03 August 2016 and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus. Copies of the Shelf Prospectus can be obtained from any of the Issuing Houses/Bookrunners. The Shelf Prospectus has been registered by the Commission and copies have been lodged with the FMDQ and NSE. The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three (3) years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the securities being issued hereunder (the "Series 2 Bonds" or "Bonds"). An application has been made to the the Bond Listings and Quotations committee of FMDQ and NSE for the admission of the Bonds to their Daily Quotations List and Daily Official List respectively. The Bonds qualify as a security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004.

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Further, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

### LEAD ISSUING HOUSE/ BOOKRUNNER

**CONSTANT  
CAPITAL**

RC: 647561

### JOINT ISSUING HOUSES/BOOKRUNNERS

  
**CARDINALSTONE**

RC: 739441

  
**FBNQuest**  
Merchant Bank

RC: 264978

  
**FCMB**

FCMB CAPITAL MARKETS LIMITED  
A MEMBER OF THE GROUP

RC: 446561


  
**fscdh**  
MERCHANT BANK LTD  
RC: 199528

  
**SCM CAPITAL**

RC: 499243

  
**Stanbic IBTC**  
Capital

RC: 1031358

  
**United Capital**

RC: 444999

[www.sec.gov.ng](http://www.sec.gov.ng), [www.sterlingbankng.com](http://www.sterlingbankng.com) This Pricing Supplement is dated 05 October, 2018



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**ABRIDGED TIMETABLE**

<b>DATE</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>
23 08, 2018	Obtain the SEC's clearance of the Pricing Supplement; and approval to commence Book Building	Issuing Houses/Bookrunners
27 08, 2018	Commence Book Building	All Parties
07 09, 2018	Conclude Book Building / Determine Clearing Price and Allocate Bonds	All Parties
11 09, 2018	Dispatch Allocation Confirmation Letters	Issuing Houses/Bookrunners
13 09, 2018	Allotees fund in line with confirmed allocations	Issuing Houses/ Bookrunners/ Receiving Bank/ Allotees
28 09, 2018	Update Transaction Documents and file same with the SEC	Lead Issuing House
05 10, 2018	Hold Signing Ceremony/Completion Board Meeting	All Parties
08 10, 2018	Remit Net Issue Proceeds to the Issuer	Lead Issuing House
09 10, 2018	File executed Transaction Documents	Issuing Houses/Bookrunners
09 10, 2018	File Allotment Proposal and draft Newspaper Announcement with the SEC	Issuing Houses/Bookrunners
29 10, 2018	Obtain SEC's clearance of Allotment Proposal and draft Newspaper Announcement	Issuing Houses/Bookrunners
30 10, 2018	Publish Allotment announcement in at least two (2) national dailies	Issuing Houses/Bookrunners
31 10, 2018	File Declaration of Compliance, Expression of Interest, Indemnity Letter and General Undertaking with FMDQ/NSE	Issuing Houses/Stockbroker
01 11, 2018	Credit Allottees' CSCS accounts and List Bonds on the FMDQ/NSE	Registrars/CSCS/ Issuing Houses/Stockbrokers
02 11, 2018	File Post Allotment Compliance Report with the SEC	Issuing Houses/Bookrunners



## Sterling Investment Management SPV Plc

### DECLARATION BY THE ISSUER

We hereby affirm that this Pricing Supplement has been prepared by the Issuing Houses, on behalf of Sterling Investment Management SPV PLC (the "Issuer") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the Programme and the investment in the securities to be issued thereunder.

On behalf of the Issuer, we hereby make the following declarations:

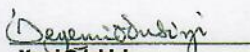
- (i) We confirm that we have taken all reasonable care to ensure that the information contained in the Pricing Supplement, is to the best of our knowledge and belief, in accordance with the material facts and contains no omission likely to affect the accuracy of the information contained therein;
- (ii) We confirm that there has been no significant change in the financial condition or material adverse change in the prospects of the Issuer since the date of the Shelf Prospectus; and
- (iii) We confirm that the Issuer has not during the twelve (12) calendar months immediately preceding the date of the application to the Securities & Exchange Commission for the registration of the Shelf Prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.

Yours faithfully,

For: Sterling Investment Management SPV PLC



Abubakar Suleiman  
Director



Yemi Odubiyi  
Director



Justina Lewa  
Company Secretary

#### Directors

Abubakar Suleiman  
Yemi Odubiyi

#### Company Secretary

Justina Lewa

Sterling Investment Management SPV Plc (RC1293417)

Sterling Towers, 20 Marina  
Lagos, Nigeria



## DOCUMENTS TO BE INCORPORATED BY REFERENCE

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The following documents which have been filed with the Commission, shall be incorporated in, and form part of, this Pricing Supplement:

- i. Audited financial statements of Sterling Bank PLC for the year ended 31 December 2013;
- ii. Audited financial statements of Sterling Bank PLC for the year ended 31 December 2014;
- iii. Audited financial statements of Sterling Bank PLC for the period ended 31 December, 2015;
- iv. Audited financial statements of Sterling Bank PLC for the period ended 31 December, 2016;
- v. Audited financial statements of Sterling Bank PLC for the period ended 31 December, 2017;
- vi. The Reporting Accountant's Report prepared by BBC Professionals on Sterling Bank Plc's historical financial statements for the five years ended 31 December 2013, 2014, 2015, 2016, 2017 and;
- vii. Audited financial statements of Sterling Investment Management SPV Plc prepared by Ernst & Young for the year ended 31 December 2017.

This Pricing Supplement should be read and construed in conjunction with these audited annual financial statements (and notes thereto) and any audited interim financial statements published subsequent to such annual financial statements of the Sponsor for the five financial years prior to each issue of Bonds under the Programme, which shall be deemed to be incorporated in, and to form part of, this Pricing Supplement and which shall be deemed to modify and supersede the contents of this Pricing Supplement as appropriate.

The Issuer will provide at no cost to each prospective investor upon request, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its registered office as set out in this Pricing Supplement or the Issuing Houses/Book Runners at the addresses as listed on page 8:

The Issuer will provide at no cost to each prospective investor upon request, a copy of the following documents. Requests for such documents shall be directed to the Issuer at its registered office as set out in this Pricing Supplement or the Issuing Houses/Book Runners at the addresses as listed on page 8:

- a. Certificate of Incorporation of the Issuer, duly certified by the CAC;
- b. Memorandum and Articles of Association of the Issuer, duly certified by the CAC;
- c. Reporting Accountants' report on the audited accounts of the Sponsor for the five years ended 31 December, 2017;
- d. Shareholders' resolution of the Issuer dated 19 October, 2015 authorizing the Debt Issuance Programme;
- e. Board resolution of the Issuer dated 19 October, 2015 authorizing the Debt Issuance Programme;
- f. Board resolution of the Sponsor dated 28 July, 2015 authorizing the Sponsor to support the establishment of the Debt Issuance Programme through the Issuer;
- g. Letter from the Securities & Exchange Commission dated 24 May, 2016 approving the registration of the Shelf Prospectus;
- h. Shelf Prospectus issued with respect to the Debt Issuance Programme;
- i. Consents of Parties referred to on pages 6-9;
- j. Deed of Covenant dated 03 August, 2016 by Sterling Bank PLC;
- k. Series 2 Trust Deed among Sterling Investment Management SPV Plc, Sterling Bank Plc, FBN Trustees Limited, Vetiva Trustees Limited, Stanbic IBTC Trustees Limited and STL Trustees Limited;
- l. A Vending Agreement among Sterling Investment Management SPV Plc, Sterling Bank Plc, Constant Capital Markets and Securities Limited, CardinalStone Partners Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, FSDH Merchant Bank Limited, SCM Capital Limited, StanbicIBTC Capital Limited, United Capital Plc;
- m. List of claims and litigations involving the Sponsor and the Issuer and the Solicitors to the Issue's opinion thereon; and
- n. Letter of no objection from the CBN dated 17 September, 2015.
- o. Letter of no objection from the CBN dated 19 September, 2018.
- p. Board resolution of the Issuer dated 2 October, 2018 authorizing the Series 2 issuance.


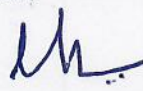

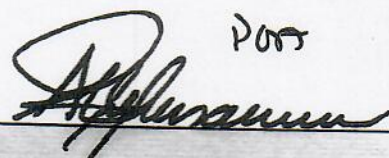
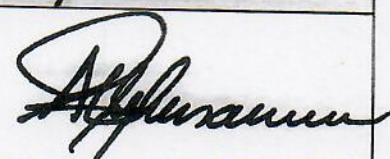
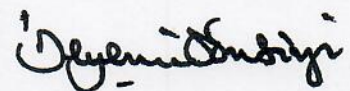
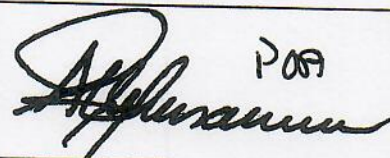


PARTIES TO THE ISSUE

DIRECTORS AND COMPANY SECRETARY OF THE SPONSOR	
CHAIRMAN	<p>MR. ASUE IGHODALO</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
DIRECTOR	<p>MR. RASHEED KOLARINWA</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
DIRECTOR	<p>DR. (MRS.) OMOLARA AKANJI</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
DIRECTOR	<p>MR. SUJIT KUMAR VARMA (INDIAN)</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
DIRECTOR	<p>MR. OLAITAN KAJERO</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
DIRECTOR	<p>MRS. TAIRAT TJANI</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
DIRECTOR	<p>MR. MICHAEL AJUKWU</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
DIRECTOR	<p>MS. FOLASADE KILASO</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i> POPS</p>
MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER	<p>MR. ABUBAKAR SULEIMAN</p> <p>Sterling Bank PLC</p> <p>Sterling Towers</p> <p>20, Marina</p> <p>Lagos State</p> <p><i>[Signature]</i></p>



PARTIES TO THE ISSUE

EXECUTIVE DIRECTOR	MR. EMMANUEL EMEFIENIM Sterling Bank PLC Sterling Towers 20, Marina Lagos State	 P053
EXECUTIVE DIRECTOR	MR. GRAMA NARASIMHAN (INDIAN) Sterling Bank PLC Sterling Towers 20, Marina Lagos State	
EXECUTIVE DIRECTOR	MR. YEMI ODUBIYI Sterling Bank PLC Sterling Towers 20, Marina Lagos State	
COMPANY SECRETARY	JUSTINA LEWA Sterling Bank PLC Sterling Towers 20, Marina Lagos State	 P055
DIRECTORS AND COMPANY SECRETARY OF THE ISSUER		
DIRECTOR	MR. ABUBAKAR SULEIMAN Sterling Bank PLC Sterling Towers 20, Marina Lagos State	
DIRECTOR	MR. YEMI ODUBIYI Sterling Bank PLC Sterling Towers 20, Marina Lagos State	
COMPANY SECRETARY	JUSTINA LEWA Sterling Bank PLC Sterling Towers 20, Marina Lagos State	 P057



PARTIES TO THE ISSUE

PROFESSIONAL PARTIES TO THE ISSUE	
LEAD ISSUING HOUSE/BOOKRUNNER	<p><b>CONSTANT CAPITAL MARKETS AND SECURITIES LIMITED</b> 25D Cooper Road Ikoyi Lagos State</p> <p><i>OMONI OMOJOLA</i></p>
JOINT ISSUING HOUSES/BOOKRUNNERS	<p><b>CARDINALSTONE PARTNERS LIMITED</b> 5 Okotie Eboh Ikoyi Lagos State</p> <p><i>MICHAEL NEEWI</i></p> <p><b>FBNQUEST MERCHANT BANK LIMITED</b> 10 Keffi Street South West Ikoyi, Lagos State</p> <p><i>AFOLABI Olorode</i></p> <p><b>FCMB CAPITAL MARKETS LIMITED</b> First City Plaza 44 Marina Lagos State</p> <p><i>Tolu Osinile</i></p> <p><b>FSDH MERCHANT BANK LIMITED</b> 5th -8th Floor, UAC House, 1/5 Odunlami Street Lagos Island Lagos State</p> <p><i>Samuel Ogunfusi</i></p> <p><b>SCM CAPITAL LIMITED</b> 19th Floor, Nigerian Stock Exchange Building 2-4 Customs Street Marina Lagos State</p> <p><i>Obiano G.A</i></p> <p><b>STANBIC IBTC CAPITAL LIMITED</b> I.B.T.C. Place Walter Carrington Crescent Victoria Island Lagos State</p> <p><i>Kobby Bentsi-Enchill</i></p> <p><b>UNITED CAPITAL PLC</b> 12th Floor, UBA House 57 Marina Lagos State</p> <p><i>Babatunde Obaniyi</i></p>
STOCKBROKERS	<p><b>ASSOCIATED ASSET MANAGERS LIMITED</b> 10th Floor, Sterling Towers 20 Marina Lagos State</p> <p><i>Tokunbo Oparin</i></p>
JOINT TRUSTEES	<p><b>FBNQUEST TRUSTEES LIMITED</b> 16 – 18 Keffi Street South West Ikoyi Lagos State</p> <p><i>Adekunle Awojobi</i></p> <p><b>VETIVA TRUSTEES LIMITED</b> Plot 266B, Kofo Abayomi Street Victoria Island Lagos State</p> <p><i>Jay Tobwe-Hyana</i></p> <p><b>STANBIC IBTC TRUSTEES LIMITED</b> The Wealth House Plot 1678, Olakunle Bakare Close Off Sanusi Fafunwa Street Victoria Island, Lagos State</p> <p><i>ANGELA OMO-ARE</i></p>



PARTIES TO THE ISSUE

	<b>STL TRUSTEES LIMITED</b> 3rd Floor, Skye Bank Building 30 Marina Lagos State
<b>SOLICITOR TO THE ISSUE</b>	<b>G. ELIAS &amp; Co (Solicitors and Advocates)</b> 6, Broad Street Lagos State
<b>REPORTING ACCOUNTANTS</b>	<b>BBC PROFESSIONALS</b> 7 McNeil Road Sabo-Yaba Lagos State
<b>RATING AGENCIES</b>	<b>GLOBAL CREDIT RATINGS CO. LIMITED</b> 17th Floor, New Africa House 31 Marina Lagos State  <b>DATAPRO LIMITED</b> Ground Floor, Foresight House 163/165 Broad Street By Marina Waterfront Lagos State
<b>SPONSOR'S AUDITORS</b>	<b>Ernst &amp; Young</b> 10 <sup>th</sup> and 13 <sup>th</sup> Floors, UBA House 57, Marina Lagos State
<b>ISSUER'S AUDITORS</b>	<b>Ernst &amp; Young</b> 10 <sup>th</sup> & 13 <sup>th</sup> Floors, UBA House 57, Marina Lagos State
<b>REGISTRAR</b>	<b>PACE REGISTRARS LIMITED</b> 8th Floor, Knight Frank Building 24, Campbell Street Lagos State
<b>RECEIVING BANK</b>	<b>STANBIC IBTC BANK PLC</b> I.B.T.C. Place Walter Carrington Crescent Victoria Island Lagos State



# FINAL TERMS OF THE SERIES 2 BONDS

1.	Issuer	<b>Sterling Investment Management SPV PLC</b>
2.	Sponsor	Sterling Bank PLC
3.	Programme Amount	₦65,000,000,000
4.	Series Number	2
5.	Issue Size/Aggregate Principal Amount	₦32,899,000,000
6.	Par Value	₦1,000
7.	Issue Price	100% of Par Value
	Issue Coupon	16.25%
8.	Denomination(s)	Minimum of ₦10,000,000 (i.e. 10,000 units @ ₦1,000/unit) and multiples of ₦1,000,000 thereafter
9.	Tenor	7 years
10.	Issue Date	<b>05 October, 2018</b>
	Coupon Commencement Date (if different from Issue Date)	<b>05 October, 2018</b>
11.	Maturity Date	<b>06 October, 2025</b>
	Specified Currency	Nigerian Naira (₦)
12.	Method of Issue	By way of a Book Build to Institutional Investors and High Net Worth Investors as defined by Rule 321 of the SEC Rules & Regulation (June 2013)
13.	Redemption/Principal Repayment Basis	Bullet repayment at maturity
14.	Status	The Bonds constitute direct, unconditional, unsubordinated, and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds in respect of principal and any Coupon thereon shall, save for such obligations as may be preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
15.	Covenant	The Bonds are backed by a Deed of Covenant entered into by the Sponsor in favour of the Issuer and the Trustees on behalf of the Bondholders supporting the due discharge of all the obligations of the Issuer under the Programme.
16.	Debt Service Reserve Fund	The Issuer shall establish a Debt Service Reserve Fund ("DSRF") not later than 05 October, 2018 which shall be under the custody and administration of the Trustees for the purpose of accumulating monies to pay Coupon on any Coupon Payment Date and repay the Principal Amount on the Maturity Date. The DSRF shall be initially funded on the Allotment Date with 40% of the proceeds of the Bonds which shall be invested by the Trustees in FGN securities and subsequently by: i. the Issuer, from coupon and other payments received from the Sponsor on the Notes; and ii. the Trustees, with income received on the FGN securities. The Trustees shall invest the monies in the DSRF in direct obligations of the Federal Government of Nigeria in the form of bonds or treasury bills, in accordance with the Series 2 Trust Deed.
17.	Listing(s)	FMDQ OTC, NSE
18.	Use of Proceeds	Proceeds will be used to purchase: i. 7 Year Subordinated Notes issued by Sterling Bank PLC (60%); and ii. FGN securities <sup>1</sup> (40%) to be held by the Trustees on behalf of (Bondholders)

## PROVISIONS RELATING TO COUPON (IF ANY) PAYABLE

<sup>1</sup> FGN securities close in tenor, but maturing prior, to the maturity of the Bonds. (FGN Bonds maturing 23 March 2025 or similar maturities subject to availability)



# FINAL TERMS OF THE SERIES 2 BONDS

19.	Fixed Rate Bond Provisions	Applicable
	Coupon Rate	16.25% per annum
	Coupon Payment Date(s)/Payment Dates	Semi-annual, and payable in arrears on DD MM and DD MM of each year up to and including the Maturity Date
	Coupon Amount(s)	See "Coupon Payment Schedule" on page 15
	Business Day Convention	[Following Business Day Convention/Preceding Business Day Convention/Modified Business Day]
	Business Day	Modified Following: Where a Coupon Payment Date falls on a non-Business Day, such payment shall be postponed to the next day which is a Business Day provided that if such a Business Day falls into the next calendar month, such Coupon Payment Date shall be brought forward to the immediately preceding Business Day.
	Day Count Fraction	Actual/365 (actual numbers of days in a month/365 days in the year)
	Other terms relating to method of calculating interest for Fixed Rate Bond	<b>Not Applicable</b>

PROVISIONS RELATING TO REDEMPTION		
20.	Optional Early Redemption	
	Call Option	<b>Not Applicable</b>
	Put Option	<b>Not Applicable</b>
21.	Scheduled Redemption/ Amortization	<b>Not Applicable</b>
22.	Redemption Amount(s)	<b>Not Applicable</b>
23.	Scheduled Redemption Dates	<b>Not Applicable</b>

GENERAL PROVISIONS APPLICABLE TO THE BONDS		
24.	Form of Bonds	The Bonds will be issued in dematerialized/ immobilised (book-entry) form. Notwithstanding, every Bondholder shall be entitled to receive a Certificate covering the aggregate Principal Amount of his beneficial interest in the Bonds where such Holder elects to do so.
25.	Trustees	FBNQuest Trustees Limited, Vetiva Trustees Limited, Stanbic IBTC Trustees Limited and STL Trustees Limited
26.	Registrar	Pace Registrars Limited
27.	Record Date	No Bondholder may require the transfer of a Bond to be registered during the period of 15 days ending on the due date for any payment of principal or Coupon on the Bonds.
28.	Events of Default	The provisions of Condition 9 (Events of Default) of the Programme Trust Deed shall apply in respect of the Series 2 Bonds.

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS		
29.	Lead Issuing House/Bookrunner	Constant Capital Markets and Securities Limited
	Joint Issuing House(s)/Bookrunner(s)	CardinalStone Partners Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, FSDH Merchant Bank Limited, SCM Capital Limited, Stanbic IBTC Capital Limited, United Capital PLC.
30.	Clearing System	Central Securities Clearing System PLC.



# FINAL TERMS OF THE SERIES 2 BONDS

GENERAL				
31.	Sponsor Rating	Rating Agency	Year	Credit Rating (Long Term)
		GCR	2018	BBB
		Moody's Investors Service	2017	B3
		DataPro Limited	2018	BBB+
32.	Issue Rating	BBB (GCR) / A (DataPro)		
33.	Taxation	The Bonds are tax exempt in line with the tax exemptions contained in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011, and the Personal Income Tax (Amendment) Act 2011. The Bonds are also exempt from value added tax payable on commissions on stock exchange transactions by virtue of the Value Added Tax (Exemption of Commissions on Stock Exchange transactions) Order 2014. Therefore payments due to corporate Bondholders will not be subject to companies' income tax and value added tax, and payments to individual Bondholders will not be subject to value added tax until January 2, 2022. Furthermore, commissions payable to the SEC, The FMDQ and CSCS will not be subject to value added tax until July 24, 2019. There is no limitation on the exemption from personal income tax on payments due to individual Bondholders.		
34.	Governing Law	The Bonds and the Transaction Documents will be governed by, and construed in all respects in accordance with ISA and the laws of the Federal Republic of Nigeria.		

## MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in this Pricing Supplement and in the Shelf Prospectus dated 03 August, 2016, there has been no significant change or material adverse change in the financial or trading position or prospects of the Sponsor since 31 December, 2017.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Shelf Prospectus referred to above, contains all information that is material in the context of the issue of the Bonds.

Signed at \_\_\_\_\_ on this 05 day of October 2018



Name: ABUBAKAR SULEMAN  
Capacity: MANAGING DIRECTOR



## DESCRIPTION OF THE ISSUE

### STERLING INVESTMENT MANAGEMENT SPV PLC

The Issuer was incorporated in Nigeria on 16 October, 2015 (with registration number RC 1293417 ) as a public limited liability company under the name of Sterling Investment Management SPV PLC. The Issuer carries on business at Sterling Towers, 20 Marina, Lagos State. The Issuer has no subsidiaries or affiliates and has been established as a special purpose vehicle set up specifically to finance Sterling Bank PLC's funding requirements. The shareholding structure of the Issuer is as follows:

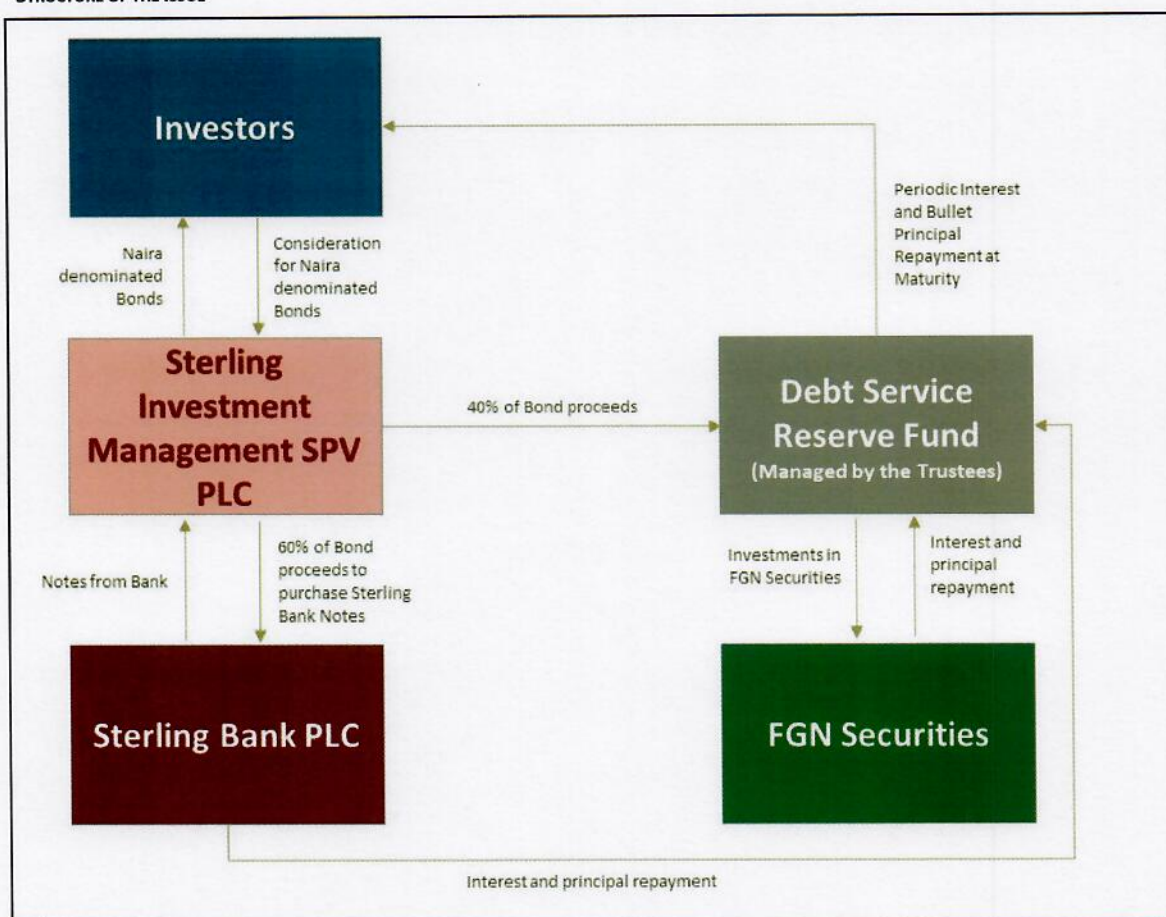
Shareholders	Number of Shares	% holding
Sterling Bank PLC	499,999	99.9998
Abubakar Suleiman	1	0.0002

The principal objective of the Issuer as set out in clause 3 of its Memorandum and Articles of Association, amongst other things, is to raise or borrow money by issue of bonds , to qualified institutional investors and high networth individuals under the terms of the Programme, in order to provide funding to the Sponsor. Accordingly, net proceeds will be used to finance the purchase by the Issuer of (i) notes and any other debt securities issued by the Sponsor under the Master Notes Subscription Agreement and in accordance with the terms of the Transaction Documents and (ii) FGN Securities to be held by the Trustees on behalf of the Bondholders.

### DEED OF COVENANT

The Bonds are backed by a Deed of Covenant, entered into by the Sponsor in favour of the Issuer and the Trustees on behalf of the Bondholders, undertaking the due discharge of all the obligations of the Issuer under the Programme.

### STRUCTURE OF THE ISSUE





#### USE OF PROCEEDS

The estimated gross issue proceeds of ₦32,899,000,000 will be utilised for the purchase of 7 year 17.55% Subordinated Notes issued by the Sponsor and the purchase of FGN securities. The offer cost of ₦610,994,063 representing approximately 1.86% of the gross issue proceeds will be borne by the Sponsor.<sup>1</sup>

#### UTILIZATION OF PROCEEDS

Details	Amount (₦)	%	Timeline
Purchase of 7 year Notes issued by Sterling Bank	19,739,400,000	60	Immediate
Purchase of FGN Securities <sup>2</sup>	13,159,600,000	40	Immediate
<b>Gross Proceeds</b>	<b>32,899,000,000</b>	<b>100</b>	

<sup>1</sup> The Sponsor shall bear all offer costs directly without a deduction from the Offer Proceeds to maximize Tier 2 impact in Notes proceeds.

<sup>2</sup> FGN securities close in tenor, but maturing prior, to the maturity of the Bonds. (FGN Bonds maturing 23 March 2025 or similar maturities subject to availability).



# COUPON PAYMENT SCHEDULE

The following table indicates the semi-annual payment of the Coupon and the bullet payment of the principal at maturity. The table reflects coupon price at 16.25%.

Period	Bond Obligation Repayment Dates	Principal Obligation (N'000)	Semi-annual Coupon Payment (N'000)	Principal Repayment (N'000)	Principal Obligation Outstanding (N'000)
Interval 1	05 April 2019	32,899,000	2,673,043.75	0	32,899,000
Interval 2	04 October 2019	32,899,000	2,673,043.75	0	32,899,000
Interval 3	06 April 2020	32,899,000	2,673,043.75	0	32,899,000
Interval 4	05 October 2020	32,899,000	2,673,043.75	0	32,899,000
Interval 5	05 April 2021	32,899,000	2,673,043.75	0	32,899,000
Interval 6	05 October 2021	32,899,000	2,673,043.75	0	32,899,000
Interval 7	05 April 2022	32,899,000	2,673,043.75	0	32,899,000
Interval 8	05 October 2022	32,899,000	2,673,043.75	0	32,899,000
Interval 9	05 April 2023	32,899,000	2,673,043.75	0	32,899,000
Interval 10	05 October 2023	32,899,000	2,673,043.75	0	32,899,000
Interval 11	05 April 2024	32,899,000	2,673,043.75	0	32,899,000
Interval 12	04 October 2024	32,899,000	2,673,043.75	0	32,899,000
Interval 13	04 April 2025	32,899,000	2,673,043.75	0	32,899,000
Interval 14	06 October 2025	32,899,000	2,673,043.75	32,899,000	0



## STATUTORY AND GENERAL INFORMATION

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### DECLARATIONS

Except as otherwise disclosed in this Pricing Supplement:

1. There has been no change to the information contained in the shelf prospectus;
2. No matter or information has arisen in respect of such a matter that would have been required by the Act, these rules and regulations or any listing requirements of a recognized securities exchange, to be disclosed in the prospectus if the matter had arisen at the time the shelf prospectus was prepared;
3. No significant change affecting a matter disclosed in the shelf prospectus has occurred;
4. Neither the Issuer nor the Sponsor have during the twelve (12) calendar months immediately preceding the date of application to the Commission for registration of the shelf prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies;
5. No prosecution has commenced against the Bank in respect of any breach or contravention of any securities or banking laws or CAMA; and
6. No action has been taken against the Bank by any recognized securities exchange in respect of any breach of the listing requirements.

### RELATIONSHIP BETWEEN THE ISSUER, ISSUING HOUSES AND OTHER ADVISERS

- The Chairman of the Sponsor is a founding partner of Banwo & Ighodalo, the Solicitors to the Trustees.
- SCM Capital Limited, a Joint Issuing House, prior to 30 December, 2011, was a subsidiary of the Sponsor.
- Pace Registrars Limited, the Registrars, prior to 30 December, 2011, was a subsidiary of the Sponsor.

With exception of the above, no relationship other than the professional ones established pursuant to this Programme exists between the Issuer, the Issuer and any of its advisers, other than in the ordinary course of its business.





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## Sterling Investment Management SPV PLC N65bn Debt Issuance Programme (Series 2 Bonds)

### Nigeria Bond Analysis

June 2018

Security class	Amount	Rating Scale	Rating <sup>a</sup>	Rating outlook	Expiry date
Senior Fixed Rate Bond	Up to N35.0bn	National	BBB <sub>(NG)</sub>	Stable	October 2018

#### Key Counterparties:

**Issuer:**  
Sterling Investment Management SPV PLC

**Sponsor:**  
Sterling Bank Plc  
Sponsor's long-term national scale credit rating: BBB<sub>(NG)</sub>, Negative Outlook

**Joint Trustees:**  
FBNQuest Trustees Limited  
Vetiva Trustees Limited  
STL Trustees Limited  
Stanbic IBTC Trustees Limited

**Lead Issuing House:**  
Constant Capital Markets and Securities Limited

**Account Bank:** To be determined

#### Summary of Transaction:

Programme limit	N65bn
Series 1 amount	N7.97bn
Ranking	Senior/ Unsecured
Current Issue (Series 2)	Up to N35.0bn
Coupon	To be determined

#### Rating History:

Initial/last rating (June 2018)  
Long term: BBB<sub>(NG)</sub>  
Rating outlook: Stable

#### Related Methodologies/Research:

Global Criteria for Rating Banks and Other Financial Institutions, updated March 2017  
Global Structurally Enhanced Corporate Bonds Rating Criteria, updated November 2017

Sponsor's rating report (2017)  
Glossary of Terms/Ratios, February 2016

#### GCR Contacts:

**Primary analyst:**  
Julius Adekeye  
Senior Credit Analyst  
adekeye@globalratings.net

#### Committee Chairperson:

**Dave King**  
king@globalratings.net  
Analyst location: Nigeria

Tel: +2341 90494622-3

Website: www.globalratings.com.ng

#### Transaction summary

The Series 2 Bonds are being issued under Sterling Investment Management SPV PLC's (the "Issuer") N65bn Debt Issuance Program ("DIP"). The enabling resolution of its Board of Directors ("the board") permits the Issuer to issue the Bonds in tranches, different forms, and under different terms and conditions as may be deemed fit by the board, subject to the approval of the relevant regulatory authorities. The first series of the DIP (Series 1 Notes) was undertaken in August 2016, with an aggregate sum of N7.97bn raised via the Issue.

The rating accorded to the Series 2 Bonds relate to ultimate payment of interest and principal (as opposed to timely, akin to an expected loss rating, which is a function of probability of default and loss severity).

#### Summary rating rationale

- The Issuer is a subsidiary of Sterling Bank Plc ("Sterling", "the bank", "the Sponsor"), one of the mid-sized commercial banks in Nigeria based on asset size. Sterling has been accorded a long-term national scale credit rating of BBB<sub>(NG)</sub> by Global Credit Rating Company Limited ("GCR").
- The Transaction entails the use of the proceeds of the Sterling Investment Management SPV PLC Series 2 Bonds Issue, which constitute senior obligations of the Issuer, to purchase (with up to 60% of the proceeds) unsecured subordinated notes ("the Subordinated Notes") to be issued by the Sponsor. The remaining portion (40%) of the Issue proceeds will be held in the Debt Service Reserve Fund ("DSRF"), to be invested in Federal Government of Nigeria ("FGN") Securities (collectively the Subordinated Notes and FGN Securities are referred to as 'Permitted Investments' ("PI"). All Subordinated Notes' debt servicing payments received going forward will be held in the DSRF and used to pay the coupon on the Series 2 Bonds and upon maturity the principal and if able, to purchase further PIs.
- The rating of the Series 2 Bonds is supported by the estimated "Good Recovery Prospects" of the PIs in an enforcement scenario. This also takes cognisance of the fact that the investment income from FGN Securities will be retained in the SPV.
- A legal opinion from the solicitor to the Trustees of the Series 2 Bonds confirms that the undertaking provided by Sterling in respect of the Subordinated Notes, is valid and enforceable against it under the provisions of Nigerian law. GCR's rating report should not be viewed as a replacement of the legal advice that investors should seek on the validity and enforceability of the Transaction Documents/undertaking.

#### Factors that could trigger a rating action may include

**Positive change:** The accorded rating would be sensitive to positive rating action on the Sponsor.

**Negative change:** A rating downgrade could follow a breach of the Master Notes Subscription Agreement by the Sponsor, non-compliance with covenants, and a negative rating action on the Sponsor.

<sup>a</sup> Indicative rating and outlook, to be converted to a final rating and outlook upon the receipt of all final transaction documents.





# STERLING INVESTMENT MANAGEMENT SPV PLC

## BOND RATING REPORT

### References

**Expires** May, 2019

Abiodun Adeseyoju, FCA  
Abimbola Adeseyoju  
Oladele Adeoye

### EVALUATION

**DataPro Rating:** A  
**Security Type:** N32.899 billion Series 2  
under N65billion Issuance Program  
**Maturity Type:** Medium Term  
**Rating Outlook:** Stable  
**Currency:** Naira  
**Rating Watch:** Applicable

### EXECUTIVE SUMMARY (Forecast)

	2018 N'M	2019 N'M	2020 N'M	2021 N'M	2022 N'M	2023 N'M	2024 N'M
Gross Earnings	156,608	171,173	190,676	213,022	241,158	274,789	310,338
Profit Before Tax	15,089	19,026	24,069	31,232	41,344	55,270	72,348
Loans & Advs.	636,967	678,648	723,463	777,826	836,265	899,089	966,650
Deposit Liabs.	787,559	905,693	1,041,547	1,197,779	1,377,446	1,584,063	1,797,527
Fixed Assets	16,363	16,268	16,162	16,047	15,919	15,779	15,624

Source: Sterling Investment Management SPV Plc

### RATING EXPLANATION

The long term rating of A indicates Low Risk. It shows very good financial strength, operating performance and business profile when compared to the standard established by DataPro. This institution, in our opinion, has a very strong ability to meet its ongoing obligations.<sup>1</sup>

DataPro @ 2018

<sup>1</sup> NB: This rating is issued subject to proper execution of relevant document.



## 2 FORMS OF THE BONDS

### 2.1 Amount, Tenor and Status

- 2.1.1 **Tranche Amount:** The aggregate Principal Amount of the Bonds is ₦32,899,000,000 comprising 32,899,000 registered Bonds at the par value of ₦1,000 each.
- 2.1.2 **Type of Bonds:** Fixed Rate Bonds.
- 2.1.3 **Status of Bonds:** The Status of the Bonds shall be as described in Condition 3 (*Status of the Series 2 Bonds*).
- 2.1.4 **Tenor:** 7 years.

### 2.2 Coupon Payment

The Coupon shall be payable on the Bonds in accordance with Condition 5 (*Coupon*).

### 2.3 Principal Repayment

The aggregate Principal Amount shall be repaid in full at the Maturity Date where same is not subject to Early Redemption in accordance with Clause 2.4 (*Early Redemption*) and Condition 7.2 (*Early Redemption for Taxation Reasons*) or Condition 7.3 (*Early Redemption of the Bonds following a Capital Disqualification Event*).

### 2.4 Early Redemption

The Bonds may be subject to early redemption as stated in Condition 7 (*Redemption*).

### 2.5 Utilisation of Proceeds

The proceeds of the Bonds shall be applied towards the purchase of the Sterling Subordinated Notes issued by the Sponsor and the acquisition of the FGN Securities in the following proportion:

- (a) Not more than 60% of the proceeds of the Bonds will be used by the Issuer to purchase Sterling Subordinated Notes.
- (b) 40% of the proceeds of the Bonds will be used to acquire the FGN Securities; with a weighted average portfolio tenor of 7 years. In the event that there are no sufficient securities to ensure that the entire 40% is invested in securities with a 7 year weighted average portfolio tenor, the Joint Trustees will purchase securities with maturities as close as possible to 7 years from the Allotment Date, and provided that in no event shall the Joint Trustees purchase Permitted Investments with a maturity longer than the tenor of the Series 2 Bonds.
- (c) Subject to an Early Redemption in accordance with Clause 2.4 and the provisions of Condition 7, the Permitted Investments acquired pursuant to Clause 2.5 (b) above shall be held until maturity of the relevant securities and the Joint Trustees shall not permit that such securities be traded or disposed prior to the maturity of such securities.

## 3 ESTABLISHMENT AND FUNDING OF THE DEBT SERVICE RESERVE FUND

- 3.1 The Issuer shall, on or before the Allotment Date open the DSRF in the name of the Joint Trustees.
- 3.2 The DSRF shall be initially funded on the Allotment Date with 40% of the proceeds of the Bonds which shall be invested by the Joint Trustees in Permitted Investments in accordance with Clause 2.5 above not later than 15 (Fifteen) Business Days from the Allotment. Subsequently, the DSRF shall be funded by:
  - (i) the Issuer, from coupon and other payments received from the Sponsor on the Sterling Subordinated Notes; and
  - (ii) the Joint Trustees, with income received on the Permitted Investments;for the purpose of accumulating monies to pay Coupon on any Coupon Payment Date and repay the Principal Amount on the Maturity Date.
- 3.3 In the event that the Joint Trustees determine not later than 5 (Five) Business Days before a Coupon Payment Date, that the funds in the DSRF are insufficient to pay the Coupon Amount, the Sponsor shall, not later than 1 (One) Business Day before a Coupon Payment Date, remit sufficient funds into the DSRF to meet such shortfall in the Coupon Amount as calculated by the Joint Trustees.



3.4 In the event that, the Joint Trustees determine not later than 10 (Ten) Business Days before the Maturity Date, that the monies in the DSRF (including any principal amount on the Sterling Subordinated Notes to be paid by the Sponsor) are insufficient to pay the Principal Amount or the final instalment Amount due on the Bonds, the Sponsor shall, not later than 1 (One) Business Day before the Maturity Date, remit sufficient funds into the DSRF to meet such shortfall.

3.5 The amounts standing to the credit of the DSRF from time to time shall be applied to meet the obligations of the Issuer in accordance with the Programme Trust Deed and the Series 2 Trust Deed.

#### **4 INVESTMENT OF MONIES IN THE DSRF AND PRINCIPLES OF INVESTMENT**

##### **4.1 Investment Monies in the DSRF**

- 4.1.1 Monies in the DSRF shall be invested in Permitted Investments as selected by the Joint Trustees in consultation with the Issuer and Sponsor and in accordance with the Trust Deed, provided that:
- (i) the maturity date or the date on which such Permitted Investments may be redeemed at the option of the Joint Trustees shall coincide as nearly as practicable with (but shall in no event be later than) the date(s) on which monies in the DSRF from which the said Permitted Investments was made will be required for the purposes thereof; and
  - (ii) the Joint Trustees shall select Permitted Investments in accordance with the Statement of Investment Principles set out in Clause 4.2 hereof.
- 4.1.2 Investment of amounts comprised in the DSRF shall be made in the name of the Joint Trustees.
- 4.1.3 The return on the DSRF balances on any Permitted Investment made pursuant to this Clause 4 shall be invested by the Joint Trustees in accordance with this Deed so as to form a part of the DSRF.
- 4.1.4 The Joint Trustees shall not be liable for making any investment authorised by the provisions of this Deed in the manner provided in this clause or for any loss resulting from any such investment so made, except for their own negligence, misconduct and or insider or self-dealing constituting a breach of trust under the Trustee Act, the ISA or any applicable law.

##### **4.2 Statement of Investment Principles**

Subject to the provisions of this Deed, the Joint Trustees undertake to invest the monies in the DSRF in accordance with the Trust Deed and based on the approved portfolio allocation in the tables below:

ASSET CLASS	RATIO
Direct obligations of the Federal Government of Nigeria in the form of bonds or treasury bills	0 -100%

##### **4.3 Trustees Investment Guiding Principle**

In investing monies in the DSRF, the Joint Trustees shall:

- (i) manage the DSRF's exposures to investment risk, with due attention to stakeholder interests and on-going regulatory oversight;
- (ii) balance the twin objectives of achieving sufficient real returns for the DSRF and securing the funds;
- (iii) review the asset mix periodically to guarantee the objectives in this Deed; and
- (iv) procure that investment decisions are jointly taken by the Joint Trustees.

#### **5 REPRESENTATIONS AND WARRANTIES**

Each of the Issuer and the Sponsor represents and warrants to the Bondholders that:

- 5.1 each of the Covenants stated in Clause 15 (Covenants of the Issuer) and Clause 16 (Covenants of the Sponsor) of the Programme Trust Deed is valid and of effect as at the date of this Deed;
- 5.2 the representations and warranties stated in Clause 25 (Representations and Warranties of the Issuer and the Sponsor) of the Programme Trust Deed are of full force and in effect as at the date of this Deed;



- 5.3 no event of default as defined in Condition 9 (Events of Default) of the Programme Trust Deed has occurred, or is likely to occur and or is continuing; and
- 5.4 it shall use all reasonable endeavours to ensure that the Bonds are, upon issue, quoted and or listed on the FMDQ-OTC and or The NSE and that such quotation is maintained until the Maturity Date.





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**REPORT OF THE REPORTING ACCOUNTANTS  
ON THE FINANCIAL STATEMENTS**

The Directors  
**Sterling Bank Plc**  
Sterling Towers, 20 Marina  
Lagos

And

The Directors  
**CardinalStone Partners Ltd**  
5, Okotie Eboh Street, Ikoyi  
Lagos

And

The Directors  
**Stanbic IBTC Capital Ltd**  
1 B T C Place, Walter Carrington Crescent  
Victoria Island, Lagos

And

The Directors  
**FBNQuest Merchant Bank Ltd**  
10 Keffi, Off South West Awolowo Road  
Ikoyi, Lagos

And

The Directors  
**United Capital Plc**  
UBA House, 57 Marina  
Lagos

Gentlemen,

We have examined the audited financial statements of Sterling Bank Plc for the five (5) years ended 31 December 2013, 2014, 2015, 2016 and 2017 for inclusion in the Bond prospectus for the proposed Bond

The financial statements were prepared under the historical cost basis, except for available-for-sale investments, other financial assets and liabilities held for trading, all of which have been measured at fair value. Ernst & Young (Chartered Accountants) were the Auditors for the years ended 31 December 2013, 2014, 2015, 2016 and 2017 and their audit reports thereon were unqualified.

The summarized statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows are based on the audited financial statements of the Bank.

In our opinion, the financial information given for the purpose of the proposed Bond Issue a true and fair view of the state of affairs of the Bank as at 31 December 2013, 2014, 2015, 2016 and 2017 and their summarised profits and cash flows for the years then ended.

Yours faithfully,

  
James O. Obogwu, FCA  
FRC/2013/ICAN/00000002913  
For: **BBC PROFESSIONALS**



10

**Partners:**  
J O Obogwu  
E U Itodo  
A M Adetuyi  
G C Ekwuenu  
O O Agbeje

**BN: 133294**  
Other Offices in Nigeria:  
Abuja Akure Benin-City  
Ibadan Kaduna

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APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD/YEAR ENDED

		31 March 2018 (3 months) Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
In Millions of Naira							
	Notes						
Gross earnings		39,766	133,490	111,440	110,194	103,677	91,743
Interest income	4	31,804	110,318	99,104	80,909	77,932	69,973
Interest expense	5	(19,415)	(60,137)	(43,114)	(41,367)	(34,915)	(34,160)
Net interest income		12,389	50,180	55,990	39,542	43,017	35,813
Fee and commission income	6	3,636	12,876	10,788	15,522	16,133	14,564
Net trading income	7	3,674	4,669	235	10,650	6,765	3,714
Other operating income	8	652	5,627	1,313	3,113	2,847	3,492
Operating income		20,351	73,352	68,326	68,827	68,762	57,583
Impairment (charge)	9	(1,254)	(12,267)	(11,714)	(8,151)	(7,389)	(8,259)
Net operating income after impairment		19,097	61,085	56,612	60,675	61,373	49,324
Personnel expenses	10	(3,181)	(11,545)	(11,522)	(12,101)	(12,031)	(10,267)
Depreciation and amortisation	22 & 23	(1,401)	(4,995)	(4,196)	(3,865)	(3,140)	(2,694)
Other operating expenses	11	(3,608)	(14,783)	(12,701)	(11,874)	(10,110)	(8,378)
General and administrative expenses	12	(6,022)	(16,554)	(18,019)	(16,229)	(19,794)	(14,042)
Other property, plant and equipment cost	13	(1,710)	(4,602)	(4,174)	(5,590)	(5,551)	(4,632)
Total expenses		(15,922)	(52,479)	(50,612)	(49,659)	(50,625)	(40,013)
Profit on ordinary activities before tax		3,175	8,606	6,000	11,016	10,748	9,310
Income tax expense	26.1	(75)	(85)	(837)	(724)	(1,743)	(1,035)
Profit for the year		3,100	8,521	5,163	10,293	9,005	8,275
Other Comprehensive income							
Other comprehensive income to be reclassified to profit/(loss) in subsequent periods:							
Fair value (loss)/gain on available-for-sale investments		(1,648)	(2,568)	(11,323)	1,154	(1,132)	(296)
Reclassification adjustment for (loss)/gain included in the income statement		2,568	11,323	(1,154)	1,132	296	(149)
Other comprehensive income/(loss) for the year, net of tax		920	8,755	(12,477)	2,285	(836)	(445)
Total comprehensive income/(loss) for the year, net of tax		4,020	17,276	(7,314)	12,578	8,169	7,830
Profit attributable to:							
Equity holders of the Bank		3,100	8,521	5,163	10,293	9,005	8,275
Total comprehensive income/(loss) attributable to:							
Equity holders of the Bank		4,020	17,276	(7,314)	12,578	8,169	7,830
PER 50K SHARE DATA:							
Earnings per share (kobo)							
Basic		11	30	18	36	42	52
Adjusted		11	30	18	36	42	52



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

STATEMENT OF FINANCIAL POSITION AS AT		31 March 2018 (3 months) Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
In Millions of Naira	Notes						
<b>ASSETS</b>							
Cash in hand and balances with CBN	14	125,133	122,630	107,860	115,924	174,760	96,901
Due from banks	15	48,193	51,066	31,289	68,799	67,330	85,601
Pledged financial assets	16	51,698	145,179	86,864	69,338	78,751	79,772
Derivatives financial assets	17	-	-	8	-	-	-
Loans and advances to customers	18	609,785	598,073	468,250	338,726	371,246	321,744
Investment securities:							
- investment for fair value through Profit or loss		7,751	-	-	-	-	-
- instruments at fair value through other comprehensive income		58,096	-	-	-	-	-
- instrument at amortised cost		83,650	-	-	-	-	-
- Held for trading	19(a)	-	6,883	1,653	4,693	1,949	2,201
- Available-for-sale	19(b)	-	80,031	34,867	119,479	49,039	19,496
- Held to maturity	19(c)	-	24,075	58,113	45,360	45,582	76,124
Other assets	20	39,795	18,728	21,676	13,903	14,137	9,317
Deferred tax assets	11	6,971	6,971	6,971	6,971	6,971	6,971
Property, plant and equipment	22	16,570	16,451	14,605	15,258	13,952	9,069
Intangible assets	23	1,955	2,114	2,036	1,000	821	601
<b>Total assets</b>		<b>1,049,597</b>	<b>1,072,201</b>	<b>834,192</b>	<b>799,451</b>	<b>824,539</b>	<b>707,797</b>
<b>LIABILITIES</b>							
Deposit from banks	24	12,826	11,048	23,769	-	-	-
Deposit from customers	25	718,496	684,834	584,734	590,889	655,944	570,511
Derivative financial liabilities	17	-	-	8	-	-	-
Current income tax liabilities	26.2	157	232	941	780	1,802	1,112
Other liabilities	27	45,651	46,940	40,951	47,367	32,143	29,358
Debt securities issued	28	46,610	13,068	15,381	4,564	4,564	4,564
Other borrowed funds/Long-term borrowing	29	131,588	212,847	82,451	60,286	45,371	38,795
Provisions		295	295	295	-	-	-
<b>Total liabilities</b>		<b>955,623</b>	<b>969,264</b>	<b>748,530</b>	<b>703,886</b>	<b>739,824</b>	<b>644,339</b>
<b>EQUITY</b>							
Share capital	30	14,395	14,395	14,395	14,395	14,395	10,796
Share premium	31	42,759	42,759	42,759	42,759	42,759	27,872
Retained earnings	32	10,822	8,285	6,227	10,042	5,754	7,786
Other components of equity	33	25,998	37,498	22,281	28,369	21,807	17,004
<b>Total equity</b>		<b>93,974</b>	<b>102,937</b>	<b>85,662</b>	<b>95,566</b>	<b>84,715</b>	<b>63,458</b>
<b>Total liabilities and equity</b>		<b>1,049,597</b>	<b>1,072,201</b>	<b>834,192</b>	<b>799,451</b>	<b>824,539</b>	<b>707,797</b>



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH, 2018

In Millions of Naira	Share capital	Share premium	Translation reserve	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	regulatory reserves	Retained earnings	Total
Balance at 1 January, 2018	14,395	42,759	-	-	(2,568)	5,276	15,878	235	18,677	8,285	102,937
Impact of initial application of IFRS 9					-					(12,703)	(12,703)
Impact of initial application of IFRS 9					(280)						(280)
Transfer between reserves							(12,603)			12,603	-
<b>Comprehensive income for the year:</b>											
Profit for the year	-	-	-	-	-	-	-	-	-	3,100	3,100
<b>Other comprehensive income, net of tax:</b>											
Net changes in fair value of available for sale investment securities	-	-	-	-	920	-	-	-	-	-	920
<b>Transactions with equity holders, recorded directly in equity:</b>											
Transfer to/from other reserves	-	-	-	-	-	-	-	-	462	(462)	-
<b>Balance at 31 March, 2018</b>	<b>14,395</b>	<b>42,759</b>	<b>-</b>	<b>-</b>	<b>(1,928)</b>	<b>5,276</b>	<b>3,275</b>	<b>235</b>	<b>19,139</b>	<b>10,823</b>	<b>93,974</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER, 2017

In Millions of Naira	Share capital	Share premium	Translation reserve	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	regulatory reserves	Retained earnings	Total
Balance at 1 January, 2017	14,395	42,759	-	-	(11,322)	5,276	10,683	235	17,409	6,227	85,662
<b>Comprehensive income for the year:</b>											
Profit for the year	-	-	-	-	-	-	-	-	-	8,521	8,521
<b>Other comprehensive income, net of tax:</b>											
Net changes in fair value of available for sale investment securities	-	-	-	-	8,754	-	-	-	-	-	8,754
<b>Transactions with equity holders, recorded directly in equity:</b>											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from other reserves	-	-	-	-	-	-	5,195	-	1,268	(6,463)	-
<b>Balance at 31 December, 2017</b>	<b>14,395</b>	<b>42,759</b>	<b>-</b>	<b>-</b>	<b>(2,568)</b>	<b>5,276</b>	<b>15,878</b>	<b>235</b>	<b>18,677</b>	<b>8,285</b>	<b>102,937</b>



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER, 2016

In Millions of Naira	Share capital	Share premium	Translation reserve	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIF reserves	regulatory reserves	Retained earnings	Total
Balance at 1 January, 2016	14,395	42,759	-	-	1,154	5,276	5,070	235	16,635	10,042	95,566
<b>Comprehensive income for the year:</b>											
Profit for the year	-	-	-	-	-	-	-	-	-	5,163	5,163
<b>Other comprehensive income, net of tax:</b>											
Net changes in fair value of available for sale investment securities	-	-	-	-	(12,476)	-	-	-	-	-	(12,476)
<b>Transactions with equity holders, recorded directly in equity:</b>											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(2,591)	(2,591)
Transfer to/from other reserves	-	-	-	-	-	-	5,613	-	774	(6,387)	-
<b>Balance at 31 December, 2016</b>	<b>14,395</b>	<b>42,759</b>	<b>-</b>	<b>-</b>	<b>(11,322)</b>	<b>5,276</b>	<b>10,683</b>	<b>235</b>	<b>17,409</b>	<b>6,227</b>	<b>85,662</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER, 2015

In Millions of Naira	Share capital	Share premium	Translation reserve	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIF reserves	Other regulatory reserves	Retained earnings	Total
Balance at 1 January, 2015	14,395	42,759	-	-	(1,132)	5,276	3,881	235	13,547	5,754	84,715
<b>Comprehensive income for the year:</b>											
Profit for the year	-	-	-	-	-	-	-	-	-	10,293	10,293
<b>Other comprehensive income, net of tax:</b>											
Net changes in fair value of available for sale investment securities	-	-	-	-	2,285	-	-	-	-	-	2,285
<b>Transactions with equity holders, recorded directly in equity:</b>											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(1,727)	(1,727)
Transfer to/from other reserves	-	-	-	-	-	-	1,189	-	3,088	(4,277)	-
<b>Balance at 31 December, 2015</b>	<b>14,395</b>	<b>42,759</b>	<b>-</b>	<b>-</b>	<b>1,154</b>	<b>5,276</b>	<b>5,070</b>	<b>235</b>	<b>16,635</b>	<b>10,042</b>	<b>95,566</b>



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER, 2014

In Millions of Naira	Share capital	Share premium	Translation reserve	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Retained earnings	Total
Balance at 1 January, 2014	10,796	27,872	-	-	(296)	5,276	944	235	10,845	7,786	63,458
<b>Comprehensive income for the year:</b>											
Profit for the year	-	-	-	-	-	-	-	-	-	9,005	9,005
<b>Other comprehensive income, net of tax:</b>											
Net changes in fair value of available for sale investment securities	-	-	-	-	(836)	-	-	-	-	-	(836)
<b>Transactions with equity holders, recorded directly in equity:</b>											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(5,398)	(5,398)
Additions during the year	3,599	15,475	-	-	-	-	-	-	-	-	19,073
Share issuance cost	-	(587)	-	-	-	-	-	-	-	-	(587)
Transfer to regulatory reserves	-	-	-	-	-	-	2,937	-	2,701	(5,639)	-
<b>Balance at 31 December, 2014</b>	<b>14,395</b>	<b>42,759</b>	<b>-</b>	<b>-</b>	<b>(1,132)</b>	<b>5,276</b>	<b>3,881</b>	<b>235</b>	<b>13,547</b>	<b>5,754</b>	<b>84,715</b>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER, 2013

In Millions of Naira	Share capital	Share premium	Translation reserve	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Retained earnings	Total
Balance at 1 January, 2013	7,852	18,690	-	486	149	5,276	59	235	7,877	6,019	46,642
<b>Comprehensive income for the year:</b>											
Profit for the year	-	-	-	-	-	-	-	-	-	8,275	8,275
<b>Other comprehensive income, net of tax:</b>											
Net changes in fair value of available for sale investment securities	-	-	-	-	(445)	-	-	-	-	-	(445)
<b>Transactions with equity holders, recorded directly in equity:</b>											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(3,141)	(3,141)
Transfer to regulatory reserves	-	-	-	-	-	-	885	-	2,482	(3,367)	-
Reclassification	-	-	-	(486)	-	-	-	-	486	-	-
Additions from Right Issue	2,944	9,527	-	-	-	-	-	-	-	-	12,471
Right issuance cost	-	(345)	-	-	-	-	-	-	-	-	(345)
<b>Balance at 31 December, 2013</b>	<b>10,796</b>	<b>27,872</b>	<b>-</b>	<b>-</b>	<b>(296)</b>	<b>5,276</b>	<b>944</b>	<b>235</b>	<b>10,845</b>	<b>7,786</b>	<b>63,458</b>

# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## STATEMENT OF CASH FLOWS FOR THE YEAR/PERIOD ENDED

		31 March 2018 (3 months) Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
In Millions of Naira	Notes						
<b>Operating activities</b>							
Net cash flow from operating activities		72,898	(45,273)	(128,516)	56,328	187	(42,799)
Income tax paid	26.2	(43)	(492)	(616)	(1,636)	(942)	(633)
VAT paid		-	(710)	(343)	-	-	(520)
		<u>72,855</u>	<u>(46,475)</u>	<u>(129,475)</u>	<u>54,692</u>	<u>(755)</u>	<u>(43,953)</u>
<b>Investing activities</b>							
Proceeds from sale of property, plant and equipments		29	133	192	1,470	101	1,875
Purchase of property, plant and equipment	22	(1,370)	(6,334)	(3,176)	(5,037)	(7,962)	(3,938)
Purchase of intangible assets	23	(7)	(691)	(1,515)	(470)	(397)	(527)
Dividend received		77	163	93	103	122	-
Sales/(purchase) of investment securities held to maturity		(60,576)	(34,015)	(27,149)	-	-	18,486
Redemption of investments		-	-	-	-	-	58,803
Purchase of investment in unquoted equities		-	(50,712)	(24,894)	(72,716)	(32,501)	-
Proceeds from disposal of investment/trading properties		21,935	54,640	93,482	285	33,710	-
Proceeds from matured investment securities		-	10,207	-	-	-	-
Proceeds from sale of equity investments		-	15	-	-	-	-
Fair value measurement on loss/gain on investment		(868)	-	-	-	(1,132)	-
		<u>(40,780)</u>	<u>(26,594)</u>	<u>37,033</u>	<u>(76,366)</u>	<u>(8,060)</u>	<u>74,700</u>
<b>Financing activities</b>							
Proceeds from other borrowed funds		14,646	182,361	63,974	15,293	11,271	10,490
Proceeds from Private Placements		-	-	-	-	19,073	-
Proceed from Commercial Paper		33,735	-	-	-	-	-
Cost of issuance of Private Placements		-	-	-	-	(587)	-
Repayments of borrowed funds		(95,905)	(52,031)	(41,715)	(3,407)	(4,695)	(2,052)
Repayment of Commercial Paper		-	(2,634)	-	-	-	12,126
Issuance of debenture stock		-	-	10,807	-	-	-
Dividend paid to equity holders	21	-	-	(2,591)	(1,727)	(5,398)	(3,141)
		<u>(47,524)</u>	<u>127,695</u>	<u>30,475</u>	<u>10,159</u>	<u>19,665</u>	<u>17,424</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>							
		4,947	418	6,322	3,058	614	(59)
Net (decrease)/increase in cash and cash equivalents		(15,449)	54,626	(61,967)	(11,514)	10,850	48,171
Cash and cash equivalents at 1 January		99,711	44,667	100,313	108,769	97,305	49,194
Cash and cash equivalents at 31 March/ 31 December	35	<u>89,209</u>	<u>99,711</u>	<u>44,667</u>	<u>100,313</u>	<u>108,769</u>	<u>97,305</u>



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements

In Millions of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>4. INTEREST INCOME</b>						
Loans and advances to customers	23,968	78,379	76,334	58,599	55,891	45,811
Investment securities	7,438	24,990	21,531	20,080	18,071	22,331
Cash and cash equivalent	398	2,092	365	1,218	3,035	814
Interest on impaired loans	-	4,857	874	1,012	935	1,017
	<b>31,804</b>	<b>110,318</b>	<b>99,104</b>	<b>80,909</b>	<b>77,932</b>	<b>69,973</b>
<b>5. INTEREST EXPENSE</b>						
Deposit from customers	13,996	37,166	28,494	37,594	31,745	29,800
Deposit from banks	413	3,066	8,101	302	888	2,361
Debt securities issued and other borrowed funds	5,006	19,905	6,519	3,471	2,282	1,999
	<b>19,415</b>	<b>60,137</b>	<b>43,114</b>	<b>41,367</b>	<b>34,915</b>	<b>34,160</b>
<b>6. FEE AND COMMISSION INCOME</b>						
Facility management fees	235	1,008	1,579	2,901	4,416	5,211
Commission on turnover	1,174	-	-	1,419	2,667	3,642
Commissions and similar income	335	4,135	3,501	1,442	1,482	2,760
Commission on letter of credit transactions	222	825	792	3,163	1,682	1,842
Other fees and commission	1,199	5,467	3,466	6,597	5,886	1,109
Account maintenance fees	471	1,441	1,450	-	-	-
	<b>3,636</b>	<b>12,876</b>	<b>10,788</b>	<b>15,522</b>	<b>16,133</b>	<b>14,564</b>

Other fees and commission include mostly advisory fees of N3.7billion (2016: N3.2billion). Fees and commission above excludes amounts included in determining effective interest rate on financial assets that are not at fair value through profit or loss.

In Million of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>7. NET TRADING INCOME</b>						
Foreign exchange trading	3,172	3,466	1,119	5,012	4,886	2,282
Treasury bills	502	1,784	2,425	1,471	1,728	395
Bonds	-	(581)	(3,309)	4,167	151	1,037
	<b>3,674</b>	<b>4,669</b>	<b>235</b>	<b>10,650</b>	<b>6,765</b>	<b>3,714</b>

Foreign exchange trading income includes gains and losses from spot and forward contracts and other currency derivatives. Other foreign exchange differences arising on non-trading activities are taken to other operating income/expense in the income statement. Included in foreign exchange trading income is gain of Nil (2016: N929,194) on the derivative financial instruments. Other foreign exchange differences arising on non-trading activities are taken to other operating income/expense in the income statement.

The net trading loss on bonds is as a result of decline in the fair value of Federal Government of Nigeria securities.

In Million of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>8. OTHER OPERATING INCOME</b>						
Rental income	27	101	171	186	320	159
* Other sundry income	374	652	522	640	944	1,117
Foreign exchange gain/(loss)	-	-	-	3	-	-
Revaluation on Bond-trading	-	-	-	-	-	775
Dividends on available-for-sale equity securities	77	163	93	103	121	52
** Gains on disposal of property, plant and equipment	13	55	80	1,312	-	34
Net gain on sale of investment securities	-	-	-	64	-	1
Cash recoveries on previously written off accounts	161	4,856	447	805	1,462	1,354
	<b>652</b>	<b>5,627</b>	<b>1,313</b>	<b>3,113</b>	<b>2,847</b>	<b>3,492</b>

\* Other sundry income includes income from cashless policy. Cashless policy was introduced by Central Bank of Nigeria in 2015. The policy stipulates 3 per cent charge would be administered by banks for daily individual cumulative or single cash withdrawals in excess of N500,000, and 5 per cent charge on daily cumulative or single cash withdrawals by company in excess of N3 million.



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Notes to the Financial Statements (Continued)

In Millions of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>9. IMPAIRMENT CHARGES/REVERSALS</b>						
(i) Credit charges/reversals						
- Individual impairment charge	1,375	10,889	11,329	9,972	6,996	2,864
- Collective impairment charge/(reversals)	-	1,418	94	1,035	618	1,653
Bad debts written off	32	463	1,004	52	293	492
Allowance no longer required	(150)	(981)	(720)	(2,784)	(787)	-
	<b>1,257</b>	<b>11,789</b>	<b>11,707</b>	<b>8,276</b>	<b>7,120</b>	<b>5,009</b>
(ii) Impairment charged on investment securities	-	21	-	-	40	468
Charge/(write back) on other assets	-	457	7	-	230	3,162
Impairment reversal on other assets	(3)	-	-	(124)	-	(380)
	<b>(3)</b>	<b>478</b>	<b>7</b>	<b>(124)</b>	<b>270</b>	<b>3,250</b>
Total impairment charge/(reversal)	<b>1,254</b>	<b>12,267</b>	<b>11,714</b>	<b>8,151</b>	<b>7,389</b>	<b>8,259</b>
<b>10. PERSONNEL EXPENSES</b>						
Wages and salaries	2,871	10,244	10,252	10,841	11,427	9,842
Defined contribution plan	310	1,301	1,270	1,260	604	425
	<b>3,181</b>	<b>11,545</b>	<b>11,522</b>	<b>12,101</b>	<b>12,031</b>	<b>10,267</b>
<b>11. OTHER OPERATING EXPENSES</b>						
Audit fees	-	-	-	199	199	180
AMCON sinking fund contribution	1,357	4,210	4,035	4,128	3,556	3,114
Insurance	849	3,865	3,476	3,660	3,692	2,925
Other professional fees	184	1,045	1,081	1,075	517	337
Contract service	1,214	4,291	4,109	2,812	2,114	1,708
Net foreign exchange loss	-	-	-	-	16	114
Loss on disposal of property, plant and equipment	-	-	-	-	16	-
Foreign exchange loss	4	1,372	-	-	-	-
	<b>3,608</b>	<b>14,783</b>	<b>12,701</b>	<b>11,874</b>	<b>10,110</b>	<b>8,378</b>

**AMCON sinking fund contribution**

This represents the Bank's contribution to a fund established by the Asset Management Corporation of Nigeria (AMCON) for the year ended 31 December 2017. Effective 1 January 2013, the Bank is required to contribute an equivalent of 0.5% (2016: 0.5%) of its total asset plus 0.5% to 33.3% of off financial position asset (loan related) as at the preceeding year end to AMCON's sinking fund in line with existing guidelines. This contribution is meant to be for 10 years from the effective date of December 2010. It is non- refundable and does not represent any ownership interest.

In Million of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>12. GENERAL AND ADMINISTRATIVE EXPENSES</b>						
Administrative expenses	1,571	3,022	2,758	2,459	2,678	5,884
Office expenses	794	3,020	2,755	2,691	3,672	2,698
Advertising and business promotion	568	1,062	3,101	3,537	3,350	1,688
Communication cost	334	1,207	1,270	1,250	1,832	1,335
Transport, travel and accommodation	110	503	411	493	788	473
Seminars and conferences	97	728	449	514	556	410
Directors' other expenses	65	281	304	198	390	114
Rents and rates	372	1,112	1,102	157	256	292
Security	112	552	488	334	287	250
Annual general meeting expenses	60	108	240	240	200	196
Stationery and printing	75	195	215	220	187	175
Membership and subscription	61	194	153	114	86	80
Fines and penalties	6	8	14	100	79	56
Directors' fees	10	46	50	44	40	31
Newspapers and periodicals	1	3	4	9	9	7
VISA and ATM expenses	-	-	-	1,295	869	-
Cash handling and cash processing expenses	274	508	1,995	1,396	739	-
E-business expenses	1,066	2,119	1,540	-	-	-
Branding expenses	103	783	397	-	-	-
Audit fees	60	215	199	-	-	-
Other general expenses	283	888	574	1,178	3,776	353
	<b>6,022</b>	<b>16,554</b>	<b>18,019</b>	<b>16,229</b>	<b>19,794</b>	<b>14,042</b>



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements (Continued)

### 12. GENERAL AND ADMINISTRATIVE EXPENSES (Continued)

Included in the amount of other general expenses are loan recovery expenses, custodial services debt capital expenses, miscellaneous office expenses.

### 13. OTHER PROPERTY, PLANT AND EQUIPMENT COST

This represents the cost the Bank incurred on assets expensed in line with the Bank's capitalisation policy, cost incurred on repairs, maintenance and other running cost on the property, plant and equipment.

In Millions of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>14. CASH IN HAND AND BALANCES WITH CBN</b>						
Cash and foreign monies	13,586	15,404	11,780	16,232	10,778	8,190
Unrestricted balances with Central Bank of Nigeria (CBN)	27,490	33,242	1,598	15,282	30,661	6,515
Deposits with the Central Bank of Nigeria	84,057	73,984	94,482	84,410	133,321	82,196
	<b>125,133</b>	<b>122,630</b>	<b>107,860</b>	<b>115,924</b>	<b>174,760</b>	<b>96,901</b>

Deposits with Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the Bank's day-to-day operations, it does not form part of cash and cash equivalents in the cashflow statement.

In Millions of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>15. DUE FROM BANKS</b>						
Balance held with local banks	557	-	6,937	20,736	1,867	2,132
Balance held with banks outside Nigeria	29,668	30,368	12,807	29,488	35,581	42,455
Money Market Placements	17,968	20,698	11,545	18,575	29,882	38,014
Due from Central Bank of Nigeria	-	-	-	-	-	3,000
	<b>48,193</b>	<b>51,066</b>	<b>31,289</b>	<b>68,799</b>	<b>67,330</b>	<b>85,601</b>
Provision for doubtful bank balances	-	-	-	-	-	-
	<b>48,193</b>	<b>51,066</b>	<b>31,289</b>	<b>68,799</b>	<b>67,330</b>	<b>85,601</b>

Included in balances with banks outside Nigeria represents the Naira equivalent of foreign currency balances held on behalf of customers in respect of letters of credit. The corresponding liabilities are included in other liabilities. These balances are not available for the day-to-day operations of the Bank.

Money market placements are placement for varying periods between one day to three months, depending on the immediate cash requirements of the Bank and earning interest at the prevailing market rate.

In Millions of Naira	31 March 2018 (Un-audited)	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>16. PLEDGED FINANCIAL ASSETS</b>						
Treasury bills - AFS	10,293	7,619	10,015	4,570	7,786	15,090
Government bonds - HTM	20,530	83,307	50,605	30,581	51,275	54,100
Government bonds - AFS	20,783	40,380	-	-	-	-
Euro Bonds - AFS	-	13,674	23,321	29,011	12,931	-
Other pledged assets	92	199	2,923	5,176	6,759	10,582
	<b>51,698</b>	<b>145,179</b>	<b>86,864</b>	<b>69,338</b>	<b>78,751</b>	<b>79,772</b>

The Bank pledges assets that are on its statement of financial position in various day-to-day transactions that are conducted under the usual terms and conditions applying to such agreements are:

- Pledged for clearing activities, as collection bank for government taxes and Interswitch electronic card transactions that are conducted under the usual terms and conditions applying to such agreements.
- Pledged as security for long term loan from citibank international, Standing facilities (expanded discount window) with Central Bank of Nigeria, Clearing activities with First Bank of Nigeria Limited and loan facility from Bank of Industry and Secured bond takings under repurchase agreements.
- Included in other pledged assets are cash collateral for letters of credit and visa card through Zenith Bank Plc. The deposits are not part of the funds used by the bank for day to day activities.



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Notes to the Financial Statements (Continued)

<i>In Millions of Naira</i>	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>17. DERIVATIVE FINANCIAL INSTRUMENTS</b>						
<b>Notional Amount</b>						
Foreign exchange derivatives	-	-	167	-	-	-
Total derivatives assets	-	-	167	-	-	-
Total derivatives liabilities	-	-	159	-	-	-
<b>Fair Value</b>						
Foreign exchange derivatives	-	-	8	-	-	-
Total derivatives assets	-	-	8	-	-	-
Total derivatives liabilities	-	-	8	-	-	-

Derivatives financial instruments consist of foreign exchange derivatives held for trading purposes and held at fair value. The contract have intended settlement dates of between 90 days and 180 days.

The Bank's foreign exchange derivatives do not qualify for hedge accounting, therefore all gains and losses from changes in their fair values are recognised immediately in the profit or loss and are reported in Net gains/(losses) on financial instruments classification as held for trading.

<i>In Millions of Naira</i>	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>18. LOANS AND ADVANCES TO CUSTOMERS</b>						
<b>(a) Loans and advances comprised:</b>						
Loan to corporate entities and other organisations	623,003	602,471	459,463	314,117	357,853	300,329
Loans to individuals	20,562	15,106	17,250	40,358	23,071	28,336
	643,565	617,577	476,713	354,475	380,924	328,665
<b>Less:</b>						
Individual impairment allowance	(33,780)	(13,810)	(4,187)	(11,567)	(6,531)	(4,392)
Collective impairment allowance	-	(5,694)	(4,276)	(4,182)	(3,147)	(2,529)
	609,785	598,073	468,250	338,726	371,246	321,744
<b>(b) Classification of loans and advances by security</b>						
Cash	-	148,710	52,733	20,851	12,752	7,957
Secured against real estate	-	198,379	212,533	146,574	152,822	143,073
Stock/shares	-	3,350	3,273	4,137	5,486	4,334
Debentures	-	156,030	132,072	63,400	48,024	41,358
Otherwise securities	-	108,296	62,659	116,327	161,414	131,943
Unsecured	-	2,812	13,443	3,186	426	-
	-	617,577	476,713	354,475	380,924	328,665
<b>(c) Classification of loans and advances by category</b>						
Neither impaired nor past due	-	579,110	429,313	337,503	368,983	321,793
Past due but not impaired	-	16,025	39,278	1,710	2,087	1,405
Individually impaired	-	22,442	8,122	15,262	9,854	5,467
	-	617,577	476,713	354,475	380,924	328,665

The loans and advances are granted at different interest rates across the various products.



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements (Continued)

### 18. LOANS AND ADVANCES TO CUSTOMERS (CONT'D)

The Central Bank of Nigeria stipulates that provisions for loans recognised in the profit or loss account be determined based on the requirements of IFRS. The IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

- (i) Prudential impairment provision is greater than IFRS impairment provision - transfer the difference from the Retained Earnings to a non-distributable Regulatory risk reserve.
- (ii) (i) Prudential impairment provision is less than IFRS impairment provision - excess charge resulting should be transferred from the Regulatory risk reserve account to the Retained earnings to the extent of the non-distributable reserve previously recognized..

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>19. INVESTMENT SECURITIES</b>						
<b>(a) Held for trading (HFT)</b>						
Government bonds	-	-	-	-	288	230
Treasury bills	7,751	6,883	1,653	4,693	1,661	1,971
	<b>7,751</b>	<b>6,883</b>	<b>1,653</b>	<b>4,693</b>	<b>1,949</b>	<b>2,201</b>
<b>(b) Available-for-sale (AFS)</b>						
Equities securities	2,847	2,939	2,837	2,063	1,759	1,895
Impairment allowance on available-for-sale	(547)	(268)	(247)	(247)	(388)	(538)
	<b>2,300</b>	<b>2,671</b>	<b>2,590</b>	<b>1,816</b>	<b>1,371</b>	<b>1,357</b>
Treasury bills	14,288	69,097	1,089	20,279	39,937	14,067
Government bonds	40,659	7,091	22,981	88,797	6,655	3,003
Euro bonds	340	621	8,207	6,421	1,076	1,069
Corporate bonds	509	551	-	2,166	-	-
	<b>58,096</b>	<b>80,031</b>	<b>34,867</b>	<b>119,479</b>	<b>49,039</b>	<b>19,496</b>

Unquoted available for sale equity securities are carried at cost because their fair value cannot be measured reliably. These are investments in other companies with a carrying cost of N2.06 billions (2016: N2.06billion). There is no similar investment that the price can be reliably benchmark because there is no active market,. The Bank does not have significant influence on these entities.

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>(c) Held to maturity</b>						
Government bonds	82,978	23,207	55,194	44,057	43,915	41,000
Treasury bills	-	41	2,919	-	-	33,111
Corporate bonds	774	827	-	1,303	1,667	2,013
Sovereign debt note	-	-	-	-	-	-
Impairment allowance on held to maturity	(102)	-	-	-	-	-
	<b>83,650</b>	<b>24,075</b>	<b>58,113</b>	<b>45,360</b>	<b>45,582</b>	<b>76,124</b>
<b>Total investment securities</b>	<b>149,497</b>	<b>110,989</b>	<b>94,632</b>	<b>169,532</b>	<b>96,571</b>	<b>97,821</b>

### Investment In Subsidiary

In 2016, Sterling Bank Plc registered Sterling Investment Management Plc ( the SPV) with the Corporate Affairs Commission as a public limited liability company limited by shares with authorised capital of N2,000,000 @ N1.00 per share. Total number of issued share capital is 500,000 with 499,999 shares held by Sterling Bank Plc and 1 Shares held by the erstwhile Managing Director, Mr. Yemi Adeola. The main objective of setting up the SPV is to raise or borrow money by the issue of bonds or other debt instruments. The approval of Central Bank of Nigeria was obtained on 17 September 2015.



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Notes to the Financial Statements

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>20. OTHER ASSETS</b>						
Accounts receivable	20,555	6,179	6,288	1,297	5,896	7,400
Prepayments and other receivables	17,469	10,534	12,902	10,536	9,752	4,639
Prepaid staff cost	1,849	2,205	2,819	2,387	2,521	1,229
Stock of cheque books and administrative stationery	781	826	547	736	346	209
Contribution to AGSIMEIS	682	259	-	-	-	-
	41,336	20,003	22,556	14,956	18,515	13,477
Allowance for impairment on other assets	(1,541)	(1,275)	(880)	(1,053)	(4,378)	(4,160)
	<b>39,795</b>	<b>18,728</b>	<b>21,676</b>	<b>13,903</b>	<b>14,137</b>	<b>9,317</b>

- i. Included in accounts receivable are forex deliverables due from CBN for the Bank's customers.
- ii. Included in prepayments are Bank premises rent and insurance.
- iii. The Banker's Committee at its 331st meeting held on 9 February, 2017 approved the Agric-Business, Small and Medium investment Scheme (AGSMEIS) to support the Federal Government efforts at promoting Agricultural business/Small and Medium Enterprises (SMEs). All deposit money banks are required to set aside 5% of Profit After Tax (PAT) after the approval of the financial statements by Central Bank of Nigeria.

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>21. DEFERRED TAX ASSETS</b>						
Deferred tax asset	6,971	6,971	6,971	6,971	6,971	6,971
	<b>6,971</b>	<b>6,971</b>	<b>6,971</b>	<b>6,971</b>	<b>6,971</b>	<b>6,971</b>

The bank has unutilized capital allowance of N21,652,598,187 (2016: N4,732,684,355), unused tax losses carried forward available of N24,152,957,225 (2016: N5,306,054,815) and deductible temporary differences of N173,147,704 (2016: N107,889,270) to be offset against future taxable profits. However no deferred tax asset has been recognised in respect of these items due to uncertainties regarding the timing and amount of future taxable profits. There is no expiry date for the utilization of these items.

The Bank has been incurring taxable losses primarily because of the tax exemption on income on government securities. The provisions of the Companies income tax (Exemption of Bonds and Short Term government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years. The expiry date of the circular would be in year 2021 and this trend would continue until the expiration of the tax holiday. Thus, the bank has applied caution by not recognising additional deferred tax asset which is not considered capable of recovery. The management's judgement is that the deferred tax recognised in the book is recoverable after the expiration of exemption granted on Government securities. The Bank will have taxable profit upon this expiration.

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>22. PROPERTY, PLANT AND EQUIPMENT</b>						
<b>Cost</b>						
At 1 January	31,703	36,313	34,272	30,450	30,134	27,071
Additions	1,370	6,334	3,176	5,037	7,962	3,938
Written off	-	(10,144)	-	-	-	-
Disposals	(173)	(800)	(1,136)	(1,214)	(7,646)	(875)
At 31 December	<b>32,900</b>	<b>31,703</b>	<b>36,313</b>	<b>34,273</b>	<b>30,450</b>	<b>30,134</b>
<b>Accumulated depreciation</b>						
At 1 January	15,252	21,708	19,015	16,496	21,065	19,278
Charge for the year/period	1,235	4,410	3,717	3,576	2,961	2,566
Written off	-	(10,144)	-	-	-	-
Disposals	(157)	(722)	(1,024)	(1,057)	(7,529)	(779)
At 31 December	<b>16,330</b>	<b>15,252</b>	<b>21,708</b>	<b>19,015</b>	<b>16,496</b>	<b>21,065</b>
<b>Carrying amount</b>						
At 31 December	<b>16,570</b>	<b>16,451</b>	<b>14,605</b>	<b>15,258</b>	<b>13,952</b>	<b>9,069</b>



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements (Continued)

### 22. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- Assets that have been fully depreciated (acquired between the year 2000 to 2010) were written off during the year, as no future economic benefits can be derived from its use or disposal.
- The gross carrying amount of fully depreciated property, plant and equipment that is still in use is N5.5 billion (2016: N12.4 billion)

<i>In Millions of Naira</i>	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>23. INTANGIBLE ASSETS</b>						
<b>Cost</b>						
At 1 January	3,720	3,871	2,356	1,886	1,972	1,445
Additions	7	691	1,515	470	397	527
Disposals/Reclassification	-	-	-	-	(483)	-
Written off	-	(842)	-	-	-	-
At 31 December	3,727	3,720	3,871	2,356	1,886	1,972
<b>Amortisation and impairment losses</b>						
At 1 January	1,606	1,835	1,356	1,064	1,370	1,242
Amortisation for the period/year	166	585	479	292	178	129
Disposals	-	-	-	-	(483)	-
Written off	-	(814)	-	-	-	-
End of the year	1,772	1,606	1,835	1,356	1,065	1,371
<b>Carrying amount</b>						
At 31 December	1,955	2,114	2,036	1,000	821	601

- Assets that have been fully depreciated (acquired between the year 2000 to 2010) were written off during the year, as no future economic benefits can be derived from its use or disposal.
- In 2016, the Bank changed its core banking application from BANKS to Temenos T24. This cost has been included in the additions in prior year.

<i>In Millions of Naira</i>	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>24. DEPOSITS FROM BANKS</b>						
Money market	12,826	9,479	23,769	-	-	-
Due to local banks	-	1,569	-	-	-	-
	12,826	11,048	23,769	-	-	-
<b>25. DEPOSIT FROM CUSTOMERS</b>						
Current accounts	266,958	254,476	322,278	361,706	447,637	355,850
Savings accounts	65,190	60,687	52,357	41,727	32,643	25,405
Term deposits	265,572	275,141	201,845	186,615	171,457	187,280
Pledged deposits	120,776	94,530	8,254	841	4,207	1,976
	718,496	684,834	584,734	590,889	655,944	570,511

Pledged deposits represent contracted cash deposits with the Bank that are held as security for loans granted to customers by the Bank.



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements (Continued)

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>26. INCOME TAX</b>						
<b>.1 Current income tax</b>						
Company income tax	43	-	777	614	1,619	942
Education tax	-	-	-	-	16	-
Capital gains tax	-	-	-	-	-	-
Information Technology levy	32	85	60	110	107	93
NITDA	-	-	-	-	-	-
	<u>75</u>	<u>85</u>	<u>838</u>	<u>724</u>	<u>1,743</u>	<u>1,035</u>
<b>Deferred tax expense:</b>						
Deferred tax credit	-	-	-	-	-	-
	<u>75</u>	<u>85</u>	<u>838</u>	<u>724</u>	<u>1,743</u>	<u>1,035</u>
	=====	=====	=====	=====	=====	=====
<b>.2 Current income tax liabilities</b>						
Balance at 1 January	232	942	780	1,802	1,112	803
Income tax and education tax for the year	75	-	777	614	1,635	942
Excess provision no longer required	-	-	-	-	(3)	-
Payments during the year	(150)	(710)	(616)	(1,636)	(942)	(633)
	<u>157</u>	<u>232</u>	<u>941</u>	<u>780</u>	<u>1,802</u>	<u>1,112</u>
<b>Balance at 31 December</b>	=====	=====	=====	=====	=====	=====

.3 The Company is not liable to the Company Income Tax as the Bank does not have taxable profit, did not pay dividend in 2017 and has more than 25% imported equity capital as at the reporting date (i.e 31 December 2017), hence, the Bank is exempted from minimum tax as stated in section 33(3) of CITA as amended 2007. The basis of income tax for (2016) is 30% of N2,591,137,620 which was dividend paid to shareholders in 2016 and relating to the 2015 financial year results. This is in compliance with Section 15A of the Company Income Tax Act which states where there is no taxable profit or total profit is less than the amount of dividend paid, the company shall be charged as if the dividend is the total profits of the company for the year of assessment to which the accounts, out of which dividend is declared relates.

.4 The basis of the Education Tax is 2% of assessable profit 2017 :Nil (2016: Nil). An Education Tax of 2% of assessable profits is imposed on all companies incorporated in Nigeria. This tax is viewed as a social obligation placed on all companies in ensuring that they contribute their own quota in developing educational facilities in the country. There was no Education tax for the year because the Bank had assessable loss.

The National Information Technology Agency act (NITDA) 2007 stipulates that specified companies contribute 1% of their profit before tax to the National Information Development agency. In line with the Act, the Bank has provided for information technology levy at the specified rate.

.5 The provision of the Companies income Tax (Exemption of Bonds and short Term Government Securities) Order, 2011 grants exemption to income from bonds and treasury bills from tax for a period of 10 years.

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>27. OTHER LIABILITIES</b>						
Creditors and accruals	9,111	7,895	8,591	7,555	7,914	4,781
Certified cheques	3,998	2,508	4,545	5,841	7,442	5,526
Customers' deposits for foreign trade	10,387	15,203	9,559	3,066	6,819	11,221
Provisions	-	-	-	268	279	1,327
Information technology levy	32	85	60	110	107	93
Other credit balances	22,030	21,249	18,196	30,527	9,581	6,332
Defined contribution obligations	93	-	-	-	1	78
	<u>45,651</u>	<u>46,940</u>	<u>40,951</u>	<u>47,367</u>	<u>32,143</u>	<u>29,358</u>
<b>Payable after more than one year</b>	=====	=====	=====	=====	=====	=====
<b>Movement in provisions in other liabilities</b>						
At 1 January	-	296	268	279	1,327	2,339
Additions	-	-	28	-	15	3,265
Payments/amounts no longer required	-	(296)	-	(11)	(1,063)	(4,278)
	<u>-</u>	<u>-</u>	<u>296</u>	<u>268</u>	<u>279</u>	<u>1,327</u>
	=====	=====	=====	=====	=====	=====



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements (Continued)

### 27. OTHER LIABILITIES (CONT'D)

- (i) Other credit balances include mostly other pledged deposit of N10.8 Billion and ATM unsettled transactions of N892 million. It also includes upfront fees on financial guarantee contracts such as Advance Payment Guarantee and Bid bond, etc. The upfront fees are amortised using the maturity date of the guarantees.
- (iii) Provisions for litigations: This is a provision for litigation and claims against the bank as at 31 December 2017. These claims arose in the normal course of business and are being contested by the bank. The directors, having sort advice of professional counsels, are of the opinion that this provision is adequate for liability that have crystallized from these claims. There is no expected re-inbursement in respect of this provision.

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>28. DEBT SECURITIES ISSUED</b>						
13% Debt securities issued carried at amortised cost (i)	4,706	4,563	4,575	4,564	4,564	4,564
18.86% Debt securities carried at amortised cost	-	-	8,552	-	-	-
16.5% Debt securities carried at amortised cost	8,170	8,505	-	-	-	-
Commercial Paper	33,734	-	2,254	-	-	-
	<b>46,610</b>	<b>13,068</b>	<b>15,381</b>	<b>4,564</b>	<b>4,564</b>	<b>4,564</b>

- (i) This represents N4.562 billion 7 year 13% subordinated unsecured non-convertible debenture stock issued by the bank and approved on 19 December 2011 and 30 December 2011 by the central bank of Nigeria and the Securities and Exchange Commission respectively. The bank is obliged to pay the trustee (Skye bank Plc) interest semi-annually on the non-convertible debenture stock due 2018 until all the entire stock have been redeemed. The effective interest is 13.42% per annum.
- (ii) This represents N4.7billion 7 year 18.86% subordinated unsecured non-convertible debenture stock issued by the bank and approved on 25 August 2016 and 3 August by Central Bank of Nigeria and the Securities and Exchange Commission respectively. Interest is payable semi annually on the non-convertible debenture stock due in 2023. The effective interest rate is 19.75% per annum and until the entire stock has been redeemed, the issuer (Sterling Bank Plc) is obliged to pay interest to the trustee.
- (iii) This represents N2.2billion short term unsecured promissory notes issued by sterling bank Plc in three tranches in 2016. The bank issued 3 separate tranches on commercial paper in 2016, the aggregate face value of the commercial papers in issue (N2.2 billion) did not exceed the CBN approved limits of N100 billion or its equivalent in any other specified currency. These notes were issued at an average coupon rate of 20%. This has been fully paid in 2017.
- (iv) This represents a N7.9 billion 7 year 16.50% subordinated unsecured non-convertible debenture stock issued by the company, and approved on 25 August 2016 and 3 August 2016 by the Central Bank of Nigeria and the Securities and Exchange Commission, respectively. Interest is payable semi annually on the non-convertible debenture stock due in 2023. The effective interest rate 17.16% per annum, and until the entire stock has been redeemed, the issuer (Sterling investment management SPV Plc) is obliged to pay interest to the trustees on behalf of the bond holders.

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>29. OTHER BORROWED FUNDS/LONG-TERM BORROWING</b>						
Due to Standard Chartered Bank (i)	7,929	11,756	24,458	4,867	-	4,695
Due to CBN - Agric fund (ii)	71,467	56,480	18,396	14,750	13,396	12,330
Due to Citi Bank International Plc (iii)	7,654	7,664	15,268	19,138	16,549	14,757
Due to CBN - State ECA secured loans (iv)	14,372	14,454	9,762	-	-	-
Due to Islamic Corporation (v)	8,412	14,713	9,283	5,972	-	-
Due to Bank of Industry - Manufacturing (vi)	1,681	1,678	2,227	3,049	5,708	-
Due to Nigeria Mortgage Refinance Company (vii)	1,611	1,622	1,660	-	-	-
Due to CBN - MSME Fund (viii)	-	344	1,006	135	-	-
Due to Bank of Industry - Power and Aviation (ix)	-	-	391	1,148	1,487	6,605
Due to CBN (x)	-	84,173	-	-	-	-
Due to AFREXIM (xi)	18,462	19,963	-	2,966	-	-
Due to Nexim	-	-	-	-	409	408
Due to Goldman Sachs International	-	-	-	8,261	7,822	-
	<b>131,588</b>	<b>212,847</b>	<b>82,451</b>	<b>60,286</b>	<b>45,371</b>	<b>38,795</b>



Notes to the Financial Statements (Continued)

29. OTHER BORROWED FUNDS/LONG-TERM BORROWING (CONT'D)

- (i) **Due to Standard Chartered Bank**  
This represents short-term finance facility obtained from Standard Chartered Bank, London. Three Loans were granted in 2016 for the purpose of providing dollar liquidity for the bank. The rate of interest on the Loans is the aggregate of the applicable margin (Margin and Libor).
- (ii) **Due to CBN - Agric Fund**  
Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represent by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established a Commercial Agriculture Credit Scheme, (CACs), National Food Security Programme (RRSF-NSFP) and Anchor Borrowers Fund to promote commercial agriculture enterprise in Nigeria. The Bank obtained the loan on behalf of the customer from 0 - 2% to lend customers at 9% inclusive of management and processing fee. Repayment proceeds from the projects shall be repatriated to CBN on quarterly basis. All loans under the agriculture scheme are expected to terminate on 30 September 2025.
- (iii) **Due to Citibank International Plc**  
This represents the Naira equivalent of a USD95,000,000 Credit facility granted to the Bank by citibank international plc payable in 4 years commencing October 2008 and interest is payable quarterly at LIBOR plus a margin of 475 basis point. The facility was renegotiated in 2013 to mature in June 2018 at a fixed rate of 6.2 % annually . The Bank repaid \$45,000,000 during the year reducing the loan balance to \$ 50,000,000. The loan is secured with pledged financial assets. The effective interest rate of the loan is 6.9% per annum. Principal shall be payable at maturity.
- (iv) **Due to CBN-State ECA Secured Loans**  
This is a facility granted as a result of the decision made during the June 2015 National Economic Council (NEC) meeting for deposit money banks to extend concessionary loans to state governments using the balance in the Excess crude Account (ECA) as collateral. Osun & Kwara State Government indicated its willingness to work with Sterling Bank Plc on the transaction. The Osun State Government applied for a N10 billion while Kwara State Government applied for N5billion. The facility was approved at the June 2015 National Economic Council meeting. The Purpose of the loan is for developmental and infrastructure projects in the States. CBN is granting the loan to the States at 9% annually for 20 years.
- (v) **Due to Islamic Corporation**  
This represents a \$30 million Murabaha financing facility granted by Islamic Corporation for the development of the private sector for a period of 5 years commencing 12 October 2015. The profit on the facility shall be the aggregate of the cost price multiplied by 3 months USD Libor + 600 per annum multiplied by deferred period (in days) divided by 360 days. Profit plus the principal shall be payable at maturity.
- (vi) **Due to Bank of Industry - Manufacturing**  
This is a facility made available to the bank on the May 2014 from bank of industry under Central Bank of Nigeria N200billion intervention fund for refinancing and restructuring of banks' existing loan portfolios to Nigeria SME/Manufacturing sector. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. The managing agent (BOI) is entitled to a 1% management fee and the Bank a 6% spread. The Loan have a maximum tenor of 15 years and /or working capital facility of 1 year with provision for roll over. Principal and interest shall be payable quarterly.
- (vii) **Due to Nigeria Mortgage Refinance Company**  
This represents a loan agreement between the Bank and Nigeria Mortgage Refinance Company PLC (NMRC) for NMRC to refinance from time to time Mortgage Loans Originated by the Bank with full recourse to the Bank on the terms and conditions stated in the agreement. The facility was obtained during the year 2016 at an interest rate of 15.5% per annum to mature 7 September 2031.
- (viii) **Due to Central Bank of Nigeria - Micro, Small and Medium Enterprises (MSME)**  
This represents facility introduced by Central Bank of Nigeria in respect of Micro, Small and Medium Enterprises (MSME) for the development of small and medium enterprises. The fund is accessible to Sterling Bank business customers in Agricultural, Education and Services (hospital, entertainment) sectors. The facility has interest rate of 2% per annum and the Bank is permitted to avail the facility to customers at an interest rate of 9% per annum. The facility has a tenor of 5 years.
- (ix) **Due to Bank of Industry - Power and Aviation**  
This is a facility from Bank of Industry under Central Bank of Nigeria N500 billion Intervention Fund for the refinancing and restructuring of banks' existing loan portfolios to Nigeria Power and Aviation sectors which was made available to the Bank on 8 November 2012. The facility is administered at an all-in interest rate/charge of 7% per annum payable on quarterly basis. The managing agent (BOI) is entitled to a 1% management fee and the bank a 6% spread. The Loan have a maximum tenor of fifteen years and/or working capital facility of one year with provision for roll over. The tenor of refinancing is 15 years not exceeding 31 July 2025. The effective interest rate of the loan is 7.2% per annum. Principal and interest shall be payable quarterly.
- (x) **Due to Central Bank of Nigeria**  
This represents "Fixed tenor repo" standing facilities granted by the CBN under its expanded discount window operations scheme. These facilities have tenors of 60 and 90 days with interests rates set at 19% and 19.5% per annum. Federal Government bond were pledged to the CBN with a commitment to repurchase these instruments at a mark up at the expiration of the facility tenor.



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements (Continued)

### 29. OTHER BORROWED FUNDS/LONG-TERM BORROWING (CONT'D)

#### (xi) Due to AFREXIM

This represents the first and second tranche (\$50 million and \$25 million) on a \$75 million (N23 billion), facility granted by AFREXIM. These facilities (Tranche 1 & 2) have a tenor of 5 years and 1 year respectively; the facilities were disbursed on 17 July 2017. Interest rate is repaid on a quarterly basis with interest set at 3months LIBOR + Margin 7.25% per annum and LIBOR + margin 5.7% per annum respectively. There is a 1 year moratorium on (Tranche 1) the principal after which both the principal and interest are repaid on a quarterly basis.

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>30. SHARE CAPITAL</b>						
(i) <b>Authorized</b>						
32,000,000,000 (2016: 32,000,000,000) ordinary shares of 50k each	16,000	16,000	16,000	16,000	16,000	12,000
<b>Issued and Fully Paid Up</b>						
(ii) <b>Issued and fully-paid</b>						
28.79 billion (2016: 28.79 billion) ordinary shares of 50k each	14,395	14,395	14,395	14,395	14,395	10,796
(iii) <b>Ordinary shareholding</b>						
The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote at shareholders meeting of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.						

Movement in issued and fully paid share capital is as follows:

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
(iv) <b>Movement in issued and fully paid share capital</b>						
At 1 January	14,395	14,395	14,395	14,395	10,796	-
** Capital contribution arising from rights issue	-	-	-	-	-	2,944
Capital contribution arising from Private Placement	-	-	-	-	3,599	-
<b>At 31 December</b>	<b>14,395</b>	<b>14,395</b>	<b>14,395</b>	<b>14,395</b>	<b>14,395</b>	<b>2,944</b>
(v) <b>Movement in units of share capital</b>						
At 1 January	28,790	28,790	28,790	28,790	21,593	-
* Increase in units arising from Private Placement	-	-	-	-	7,198	-
** Increase in units arising from rights issue	-	-	-	-	-	5,889
<b>At 31 December</b>	<b>28,790</b>	<b>28,790</b>	<b>28,790</b>	<b>28,790</b>	<b>28,790</b>	<b>5,889</b>

\* A Placement of 7,197,604,531 ordinary shares of 50 kobo at N2.65K per share issued to Silverlake Investments Limited was duly approved at an extraordinary general meeting of the Bank held on 11 November, 2014, and was approved by Central Bank of Nigeria and Nigerian Securities and Exchange Commission on 30 and 31 December, 2014 respectively. The total amount realised from the placement was N19,073,652,007 and an amount of N587 million was deducted from the share premium as cost of issuance. Increase in share capital of N3,598,802,266 and in share premium of N15,474,625,000 were recognised in 2014.

\*\* The rights issue was announced by the Bank in July 2013 and duly approved by the Nigerian Securities and Exchange Commission and the Central Bank of Nigeria on 24 December, 2013. The basis of the rights issue was three new ordinary shares for eight existing ordinary shares totalling 5,888,949,162 ordinary shares, issued at N2.12 per share, resulting in total proceeds of N12.1 billion after related costs of N345 million had been deducted.



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Notes to the Financial Statements (Continued)

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>31. SHARE PREMIUM</b>						
At 1 January	42,759	42,759	42,759	42,759	27,872	18,690
Transfer from share premium for business combination	-	-	-	-	-	-
Transfer to share premium from rights issue	-	-	-	-	15,475	9,527
Share issuance cost	-	-	-	-	(587)	(345)
<b>At 31 December</b>	<b>42,759</b>	<b>42,759</b>	<b>42,759</b>	<b>42,759</b>	<b>42,759</b>	<b>27,872</b>
	=====	=====	=====	=====	=====	=====
<b>32. RETAINED EARNINGS</b>						
At 1 January	8,285	6,226	10,042	5,754	7,786	6,019
Transfer from profit or loss account	3,100	8,521	5,162	10,293	9,005	8,275
Transfer from/to other regulatory reserves	(462)	(6,462)	(6,387)	(4,278)	(5,639)	(3,367)
Dividend paid to equity holders	-	-	(2,591)	(1,727)	(5,398)	(3,141)
Impact of IFRS 9	(12,704)	-	-	-	-	-
Transfer between reserves	12,603	-	-	-	-	-
<b>At 31 December</b>	<b>10,822</b>	<b>8,285</b>	<b>6,226</b>	<b>10,042</b>	<b>5,754</b>	<b>7,786</b>
	=====	=====	=====	=====	=====	=====

**Dividends - 2017**

In respect of 2017, the directors proposed that a dividend of **2 kobo** per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in this financial statements until approved and declared by the shareholders. The proposed dividend is subject to withholding tax at the appropriate rate and is payable to shareholders whose names appear in the register of members at closure date.

**Dividends - 2016**

There was no dividend declared in 2016 financial year.

**Dividends - 2015**

On 19 April, the Annual General Meeting of Shareholders of the Bank declared dividend comprising of 9 kobo per ordinary share based on 2015 audited financial result. Payment of the total N2,592,137,620 was made on the same day.

**Dividends - 2014**

On 30 April, 2015, the Annual General Meeting of shareholders of the Bank declared dividend comprising 6 kobo per ordinary share base on the 2014 audited financial result. Payment of the total N1,727,425 was made on the same day.

**Dividends - 2013**

On 30 April, 2014, the Annual General Meeting of shareholders of the Bank declared dividend amounting to N5,398,203,398.25 representing 25 kobo per ordinary share based on the 2013 audited financial result. Payment of the total N5,398,203,750 was made on 2 May, 2014.



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Notes to the Financial Statements (Continued)

33. OTHER COMPONENT OF EQUITY

FOR THE PERIOD ENDED 31 MARCH, 2018

<i>In Millions of Naira</i>	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
Balance at 1 January, 2018	(2,568)	5,276	15,878	235	18,677	37,498
Impact of initial application of IFRS 9	(280)	-	-	-	-	(280)
Transfer between reserves			(12,603)			(12,603)
<b>Other comprehensive income, net of tax:</b>						
Net changes in fair value of available for sale financial assets	920	-	-	-	-	920
Transfer for the year	-	-	-	-	462	462
<b>Balance at 31 March, 2018</b>	<b>(1,928)</b>	<b>5,276</b>	<b>3,275</b>	<b>235</b>	<b>19,139</b>	<b>25,998</b>

FOR THE YEAR ENDED 31 DECEMBER, 2017

<i>In Millions of Naira</i>	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
Balance at 1 January, 2017	(11,323)	5,276	10,683	235	17,409	22,280
<b>Other comprehensive income, net of tax:</b>						
Net changes in fair value of available for sale financial assets	8,755	-	-	-	-	8,755
Transfer for the year	-	-	5,195	-	1,268	6,463
<b>Balance at 31 December, 2017</b>	<b>(2,568)</b>	<b>5,276</b>	<b>15,878</b>	<b>235</b>	<b>18,677</b>	<b>37,498</b>

FOR THE YEAR ENDED 31 DECEMBER, 2016

<i>In Millions of Naira</i>	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
Balance at 1 January, 2016	1,154	5,276	5,070	235	16,635	28,370
<b>Other comprehensive income, net of tax:</b>						
Net changes in fair value of available for sale financial assets	(12,477)	-	-	-	-	(12,477)
Transfer for the year	-	-	5,613	-	774	6,387
<b>Balance at 31 December, 2016</b>	<b>(11,323)</b>	<b>5,276</b>	<b>10,683</b>	<b>235</b>	<b>17,409</b>	<b>22,281</b>



APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

Notes to the Financial Statements (Continued)

33. OTHER COMPONENTS OF EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER, 2015

<i>In Millions of Naira</i>	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
Balance at 1 January, 2015	-	(1,132)	5,276	3,881	235	13,547	21,807
<b>Other comprehensive income, net of tax:</b>							
Net changes in fair value of available for sale financial assets	-	2,285	-	-	-	-	2,285
Transfer for the year	-	-	-	1,189	-	3,088	4,277
<b>Balance at 31 December, 2015</b>	-	<b>1,154</b>	<b>5,276</b>	<b>5,070</b>	<b>235</b>	<b>16,635</b>	<b>28,369</b>

FOR THE YEAR ENDED 31 DECEMBER, 2014

<i>In Millions of Naira</i>	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
Balance at 1 January, 2014	-	(296)	5,276	944	235	10,845	17,004
<b>Other comprehensive income, net of tax:</b>							
Net changes in fair value of available for sale investment securities	-	(836)	-	-	-	-	(836)
Transfer for the year	-	-	-	2,937	-	2,701	5,639
<b>Balance at 31 December, 2014</b>	-	<b>(1,132)</b>	<b>5,276</b>	<b>3,881</b>	<b>235</b>	<b>13,547</b>	<b>21,807</b>

FOR THE YEAR ENDED 31 DECEMBER, 2013

<i>In Millions of Naira</i>	Revaluation reserve	Fair value reserve	share capital reserve	Regulatory risk reserve	SMEEIS reserves	Other regulatory reserves	Total
Balance at 1 January, 2013	486	149	5,276	59	235	7,877	14,082
<b>Other comprehensive income, net of tax:</b>							
Net changes in fair value of available for sale investment securities	-	(445)	-	-	-	-	(445)
Transfer for the year	-	-	-	885	-	2,482	3,367
Reclassification	(486)	-	-	-	-	486	-
<b>Balance at 31 December, 2013</b>	-	<b>(296)</b>	<b>5,276</b>	<b>944</b>	<b>235</b>	<b>10,845</b>	<b>17,004</b>



**Notes to the Financial Statements (Continued)****33. EQUITY RESERVES (CONT'D)****(i) Statutory reserve**

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve as stipulated by Section 16(1) of Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

**(ii) SMEEIS Reserve**

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium-scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The Bank has suspended further appropriation to SMEEIS (now known as Microcredit Fund) reserve account in line with the decision reached at the Bankers's Committee meeting and approved by CBN.

**(iii) Regulatory Risk Reserve**

The Central Bank of Nigeria, the banking regulatory body, stipulates that impairment provisions recognised in the profit or loss account shall be determined based on the requirement of International Financial Reporting Standards (IFRS). The IFRS impairment provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in retained earnings should be treated as follows:

Prudential impairment provision is greater than IFRS impairment provision: transfer the difference from the Retained Earnings to a non-distributable Regulatory Risk Reserve.

Prudential impairment provision is less than IFRS impairment provision: the excess charges resulting should be transferred from the Regulatory Risk Reserve account to the Retained Earnings to the extent of the non-distributable reserve previously recognised.

**(iv) AGSMEIS reserve**

The Banker's committee at its 331st meeting held on 9 February 2017 approved agric-business, small and medium investment scheme (AGSMEIS) to support Federal Government efforts at promoting Agricultural businesses/small and medium enterprises (SMEs). All deposit money banks are required to set aside 5% of profit after tax (PAT) annually after their financial statements have been audited by external auditors and approved by the Central Bank of Nigeria (CBN) for publication and remit to CBN within 10 working days after the Annual General Meeting.

**34. EARNINGS PER SHARE (BASIC AND DILUTED)**

The calculation of basic earnings per share as at 31 December, 2017 was based on the profit attributable to ordinary shareholders of N8.5 billion (2016: N5.2 billion) and weighted average number of ordinary shares outstanding.

<i>In Millions of Naira</i>	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
<b>35. CASH AND CASH EQUIVALENTS</b>						
Cash and foreign monies	13,525	15,404	11,780	16,232	10,778	8,190
Unrestricted balances with Central Bank of Nigeria	27,490	33,242	1,598	15,282	30,661	6,514
Balances held with local banks	557	-	6,936	20,736	1,866	2,132
Balances held with banks outside Nigeria	29,669	30,367	12,807	29,488	35,581	42,455
Money market placements	17,968	20,698	11,545	18,575	29,883	38,014
	<b>89,209</b>	<b>99,711</b>	<b>44,666</b>	<b>100,313</b>	<b>108,769</b>	<b>97,305</b>
	=====	=====	=====	=====	=====	=====

**36. COMMITMENTS AND CONTINGENCIES****1. Litigation and claims**

There are litigations and claims against the bank as at 31 December 2017. These claims arose in the normal course of business and are being contested by the group. The directors, having sort advice of professional counsels, are of the opinion that no significant liability will crystallize from these claims. Provisions of N295million at 31 December 2017 (2016:N295million) have been made in these financial statement on crystallised claims.

Contingent asstes is disclosed in the financial statement as inflow of economic benefit is not probable as at 31 December.

**2. Contingent liabilities and commitments**

The group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise performance bonds, acceptances, guarantees and letters of credit.

**3. Nature of instruments**

To meet the financial needsof customers, the bank enters into various commitments and contingent liabilities. These consist of financial guarantees and letters of credits. These obligations are not recognised on the statement of financial position because the risk has not crystallised and we have not identified and factor to suggest the probability the risk will crystallise. Letters of credit and guarantees commit the bank to make payment on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.



# APPENDIX III: HISTORICAL FINANCIAL INFORMATION OF STERLING BANK PLC

## Notes to the Financial Statements (Continued)

### 36. COMMITMENTS AND CONTINGENCIES (CONT'D)

#### .3 Nature of instruments (Cont'd)

The following table summarises the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

In Millions of Naira	31 March 2018 Un-audited	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Bonds, guarantees and indemnities	133,313	95,078	59,647	85,082	106,304	66,732
Letters of credit	30,723	26,102	18,234	58,238	94,439	124,900
Others	9,792	9,926	33,379	22,925	3,100	9,997
	<u>173,828</u>	<u>131,106</u>	<u>111,260</u>	<u>166,245</u>	<u>203,843</u>	<u>201,629</u>

Above balances represent contingent liabilities for which the customers have not defaulted to give rise to the Bank being liable to settle the counter party. Any portion that is due for which the Bank has become liable are recognised in other liabilities.

### 37. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes directors and key management personnel among others.

### 3. COMPARATIVE FIGURES

Sterling Investment Management Plc (SPV) was established in 2016 to raise money by the issue of bonds and other debt instruments. The SPV is a subsidiary and is consolidated in the financial statements of the Bank, hence the figures disclosed in 2017 are consolidated figures while that of 2013 to 2016 are based on the Bank only.

### 38. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which could have a material effect on the financial position of the Bank as at 31 December, 2017 and profit and other income attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

### 39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on the following dates:

2018	2017	2016	2015	2014	2013
26 April, 2018	6 March, 2018	7 March, 2017	2 March, 2016	3 March, 2015	4 March, 2014

### 40. FINANCIAL STATEMENTS

There were no audited financial statements prepared for the Bank subsequent to period ended 31 December, 2017.





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#### INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL INFORMATION

To the Board of Directors of Sterling Investment Management PLC

##### Opinion

The accompanying summary financial information, which comprise the summary statement of financial position as at 31 December 2017 and the summary statement of profit or loss and the summary statement of cash flows for the year then ended, are derived from the audited financial statements of Sterling Investment Management SPV Plc ("the Company") for the year ended 31 December 2017 ("the audited financial statements"). We expressed an unmodified opinion on those financial statements as at 31 December 2017 in our report dated 28 June 2018.

The summary financial information does not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011 applied in the preparation of the audited financial statements of the Company. Reading the summary financial information and the auditors' report thereon therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon of Sterling Investment Management SPV Plc.


In our opinion, the accompanying summary financial information which are derived from the audited financial statements of Sterling Investment Management SPV Plc for the year ended 31 December 2017, are consistent, in all material respects, with the audited financial statements, in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and Financial Reporting Council Act No 6, 2011.

##### Directors' responsibility for the summary financial information

The Directors are responsible for the preparation of the summary of financial statements in accordance with the International Financial Reporting Standards as issued by International Accounting Standards Board, the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011.

##### Auditors' responsibility

Our responsibility is to express an opinion on the summary financial information based on our procedures, which were conducted in accordance with the International Standards on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

  
Kayode Famutimi, FCA,  
FRC/2012/ICAN/00000000155  
For: Ernst & Young  
Lagos, Nigeria  
28 June 2018



A member firm of Ernst & Young Global Limited.



STERLING INVESTMENT MANAGEMENT SPV PLC  
SUMMARY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	31 December 2017 N'000	31 December 2016 N'000
<b>Assets</b>		
Cash and cash equivalents	35	-
Investment securities - Held to maturity	3,403,699	3,388,226
Loans and receivables	5,145,758	5,146,130
<b>Total assets</b>	<b>8,549,492</b>	<b>8,534,356</b>
	=====	=====
<b>Liabilities</b>		
Other liabilities	2,520	1,260
Debt securities issued	8,502,187	8,552,455
<b>Total liabilities</b>	<b>8,504,707</b>	<b>8,553,715</b>
	-----	-----
<b>Equity</b>		
Share capital	500	500
Retained earnings/(Accumulated loss)	44,285	(19,859)
<b>Total equity/ (deficit)</b>	<b>44,785</b>	<b>(19,359)</b>
	-----	-----
<b>Total liabilities and equity</b>	<b>8,549,492</b>	<b>8,534,356</b>
	=====	=====



STERLING INVESTMENT MANAGEMENT SPV PLC  
SUMMARY STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	12 Months Ended 31 Dec 2017 ₦'000	15 Months Ended 31 Dec 2016 ₦'000
Interest income	1,380,664	569,356
Interest expense	(1,314,223)	(587,455)
	66,441	(18,099)
Operating expenses	(2,297)	(1,760)
Profit/ (Loss) before income tax expense	64,144	(19,859)
Income tax expense	-	-
Profit/ (Loss) for the period	64,144	(19,859)
	=====	=====



STERLING INVESTMENT MANAGEMENT SPV PLC

SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	12 Months Ended 31 Dec 2017 ₦ 000	15 Months Ended 31 Dec 2016 ₦ 000
Cash flows from operating activities:		
Profit/ (Loss) before income tax expense	64,144	(19,859)
Adjustments for non-cash items:		
Interest income	(1,380,664)	(569,356)
Interest expense	1,314,223	587,455
Changes in operating liabilities:		
Increase in accruals	1,260	1,260
Net cash flows used in operating activities	(1,037)	(500)
Investing activities		
Purchase of investment securities & Loans	(38,427)	(7,965,000)
Interest received	797,085	-
Net cash flows from/ (used in) investing activities	758,658	(7,965,000)
Financing activities		
Interest paid	(757,585)	-
Proceeds from debt securities issued	-	7,965,000
Share capital issued	-	500
Net cash flows (used in)/from financing activities	(757,585)	7,965,500
Net increase in cash and cash equivalents	35	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	35	-
	=====	=====



## APPENDIX V: PROCEDURE FOR APPLICATION AND ALLOTMENT

### 1. INVITATION FOR PARTICIPATION

Qualified investors are hereby invited to subscribe to the Issue through the Issuing Houses/Bookrunners and the Stockbrokers to the Issue (the "Receiving Agents").

- a. The Book Building period opens on Monday, 27 August, 2018 and closes on Friday, 7 September, 2018. Orders must be for a minimum of ₦10,000,000.00 and in integral multiples of ₦1,000,000.00 thereafter.
- b. Participants may place orders for the Bonds at any price within the Price Range subject to the Minimum Participation Amount and the terms and conditions stated on the Commitment Form.
- c. The Commitment Form presents the Participants with the choice to bid for up to three optional coupon rates within the Price Range ("Bid Coupon Rates") and to specify the subscription amount in each option ("Participation Amount") (altogether referred to as an "Order"). The Bid Coupon Rates and the Participation Amounts submitted by the Participant in the Commitment Form will be treated as optional demands from the Participant and **will not be cumulated**.
- d. Participants shall have the option to make a maximum of three Orders on a Commitment Form and such options shall not be considered as multiple applications.
- e. The Participation Amounts and Bid Coupon Rates should be entered in the space provided in the Commitment Form attached to this Pricing Supplement. Photocopies or scanned copies of the Commitment Form will not be accepted.
- f. By completing the Commitment Form, each Participant hereby agrees that the Order is irrevocable and, to the fullest extent permitted by law, the obligations in respect thereof shall not be capable of rescission or termination by any Participant.
- g. A corporate Participant should affix its official seal in the box provided and state its incorporation (RC) number or, in the case of a corporate foreign Participant, its appropriate identification/incorporation number in the jurisdiction in which it is constituted.
- h. Upon the completion and submission of the Commitment Form, the Participant is deemed to have authorised the Issuer and the Issuing Houses/Bookrunners to effect the necessary changes in the Pricing Supplement as would be required for the purposes of filing an application for the clearance and registration of the Final Pricing Supplement with the SEC. The Commitment Form shall be considered as the Application Form for the purposes of registration of the Final Pricing Supplement with the SEC.
- i. Each duly completed Commitment Form should be forwarded **ONLY** to one of the Receiving Agents. Submission of a second or multiple Commitment Forms to either the same or to another Receiving Agent will be treated as multiple applications and will be rejected.
- j. After determination of the Coupon Rate, the maximum Participation Amount specified by a Participant at or below the Clearing Price will be considered for allocation and the rest of the order(s), irrespective of the corresponding Bid Coupon Rate(s), will become automatically invalid.
- k. The Issuer will pro-rate all orders at the Clearing Price, if all the amounts at the Clearing Price exceed the needed/outstanding bond amount.
- l. The Issuer in consultation with the Bookrunners reserve the right not to proceed with the Issue at any time including after the Book Building Opening Date, but before the Allotment Date, without assigning any reason thereof.

### 2. PAYMENT INSTRUCTIONS

Successful Participants should ensure that payment of the Participation Amount is received on the Signing/Completing Board Meeting Date. Payments can be made via cheque, bankdraft, Real Time Gross Settlement ("RTGS") into the following designated Issue Proceeds accounts domiciled with the Receiving Bank:

Bank	Account Name	Account No.
Stanbic IBTC Bank PLC	Sterling Investment Management SPV PLC	0028961979



**3. ALLOCATION/ALLOTMENT**

- a. On the Pricing Date/Book Building Closing Date, the Issuing Houses/Bookrunners will analyse the demand generated at various price levels and, in consultation with the Issuer, finalise the Coupon Rate and the allocations to each Participant. Allocation Confirmation Letters will be sent to successful Participants thereafter.
- b. The Issuer and the Issuing Houses/Bookrunners reserve the right to accept or reject any application in whole or in part for not complying with the terms and conditions of the Issue. All irregular applications will be rejected. The Allotment Proposal will be subject to the clearance by the Commission.
- c. Upon clearance of the Final Pricing Supplement by the SEC, allotment of Bonds shall be effected. Unless requested, Bonds will be issued in dematerialised form. Investors are therefore required to specify their CSCS Account Number, the name of their Stock-broking Firm and the Clearing House Number (CHN) in the spaces provided on the Application Form. CSCS accounts shall be credited within seven (7) Business Days from the date of obtaining the approval of the Basis of Allotment from the Commission while Certificates in respect of allotted Bonds will be sent via registered post not later than 15 (fifteen) Business Days from the Allotment Date to investors who prefer certificates.

**Participants must ensure that the name specified on the Application Form is exactly the same as the name in which the CSCS Account Number is held. In case the application is submitted in joint names, it should be ensured that the beneficiary's CSCS Account is also held in the same joint names and are in the same sequence in which they appear in the Application Form.**

**4. BANK ACCOUNT DETAILS**

- a. Participants are required to indicate their bank account details in the space provided on the Commitment Form for the purposes of Coupon and the Principal payments. If any application is not accepted, or is effected for fewer Bonds than the number applied for, the balance of the amount paid plus applicable interest will be refunded.
- b. Participants are advised to ensure that bank account details stated on the Application Form are correct as these bank account details shall be used by the Registrar for all payments indicated in 4a above in connection with the Bonds.
- c. Failure to provide correct bank account details could result in delays in credit of such payments. The Issuer, the Issuing Houses/Bookrunners, the Receiving Banks, the Trustees and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same.



COMMITMENT FORM

FOR ELIGIBLE INVESTORS ONLY

BOOK BUILD PERIOD	
OPENS	CLOSES
27 08 2018	07 09 2018

# Sterling Investment Management SPV Plc

RC 1293417

**₦32,899,000,000 16.25% FIXED RATE BOND SERIES 2 (2018/2025)**

**Under the Sterling Investment Management SPV PLC ₦65,000,000,000 Debt Issuance Programme**

LEAD ISSUING HOUSE/BOOKRUNNER



RC: 647561

JOINT ISSUING HOUSES/ BOOKRUNNERS



RC: 739441



RC: 264978

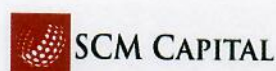


FCMB CAPITAL MARKETS LIMITED  
A MEMBER OF FCMB GROUP PLC

RC: 446561



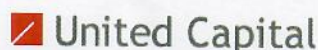
RC: 199528



RC: 499243



RC: 1031358



RC: 444999



### OFFERING BY WAY OF BOOK BUILD

Orders must be made in accordance with the instructions set out in the Shelf Prospectus. Investors must carefully follow all instructions as applications which do not comply with the instructions may be rejected. If in any doubt, consult your Stockbroker, Accountant, Banker, Solicitor or any professional adviser for guidance

All Sections of this form must be completed (as applicable) PLEASE USE BLOCK LETTERS														
QUALIFIED INVESTOR (PLEASE TICK )		DATE (DD/MM/YYYY)								CONTROL No. (FOR REGISTRARS' USE ONLY)				
<input type="checkbox"/>	High Net Worth Investors			/			/	2	0	1	8			
<input type="checkbox"/>	Fund Managers	<b>DECLARATIONS</b> <input checked="" type="checkbox"/> I/We hereby confirm that I am/we are eligible persons to participate in this Bond Issue in accordance with applicable SEC Rules and Regulations <input checked="" type="checkbox"/> I/We hereby irrevocably undertake and confirm my/our order(s) for the Bonds equivalent to my/our Subscription Amount(s) set out below at the Coupon Rate to be discovered through the Book Building Process <input checked="" type="checkbox"/> I/We authorise you to enter my/our name on the Register of Holders as holders of the Bonds that may be allotted to me/us and to register my/our address as given below.												
<input checked="" type="checkbox"/>	Pension Fund/Administrators													
<input type="checkbox"/>	Insurance Companies													
<input type="checkbox"/>	Investment/Unit Trusts													
<input type="checkbox"/>	Market Makers													
<input type="checkbox"/>	Staff Schemes													
<input type="checkbox"/>	Trustees/Custodians	<input checked="" type="checkbox"/> I/We note that the Issuer and the Issuing Houses/Bookrunners are entitled in their absolute discretion to accept or reject this Order <input checked="" type="checkbox"/> I/We agree to accept the Subscription Amount as may be allocated to me/us to the terms of this Pricing Supplement												
<input type="checkbox"/>	Stockbroking Firms													
<input type="checkbox"/>	Hedge Funds													
<b>PARTICIPATION DETAILS</b> Participants have the option to make a maximum of three orders on the Commitment Form. Each option shall be regarded as a separate application and will not be considered as multiple applications.														
<b>ORDER 1</b>														
PARTICIPATION AMOUNT (MINIMUM OF ₦10 MILLION (TEN MILLION NAIRA) AND IN MULTIPLES OF ₦1 MILLION (ONE MILLION NAIRA) THEREAFTER												BID COUPON RATE		
IN FIGURES		₦												
IN WORDS														
<b>ORDER 2</b>														
PARTICIPATION AMOUNT (MINIMUM OF ₦10 MILLION (TEN MILLION NAIRA) AND IN MULTIPLES OF ₦1 MILLION (ONE MILLION NAIRA) THEREAFTER												BID COUPON RATE		
IN FIGURES		₦												
IN WORDS														
<b>ORDER 3</b>														
PARTICIPATION AMOUNT (MINIMUM OF ₦10 MILLION (TEN MILLION NAIRA) AND IN MULTIPLES OF ₦1 MILLION (ONE MILLION NAIRA) THEREAFTER												BID COUPON RATE		
IN FIGURES		₦												
IN WORDS														
PLEASE TURN OVER TO COMPLETE THIS														



